



Park Rules

Park Hours: Dawn to Dusk

To ensure that all visitors can enjoy the Park, the following is prohibited:

- Motorized vehicles
- Dogs (except when on leash)
- Skateboards, scooters, or roller skates
- Weapons & Firearms
- Alcohol or drug use
- Glass containers, except in picnic areas
- Littering
- Smoking
- Domestic or farm animals, except service animals
- Entry beyond constructed walkways, or other designated routes or areas
- Camping or sheltering
- Any disturbance of wildlife, such as feeding, touching, or harassing
- Removal of plants, animal carcasses, or vegetation
- Posting of signs, notices, or advertisements
- Amplified or broadcast music, except music for radio
- Burning & charcoal grilling
- Flash photography

THANK YOU



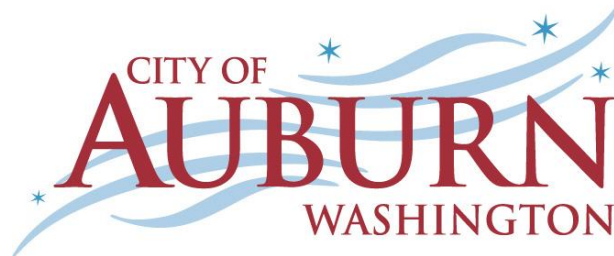
AUBURN

MORE THAN YOU IMAGINED

CITY OF AUBURN
WASHINGTON

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

Fiscal Year January 1, 2013 through December 31, 2013



Prepared by

Finance Department
Shelley Coleman, Finance Director

Cover photo by Dan Streiffert
Auburn Environmental Park



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COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 2013

TABLE OF CONTENTS

I. INTRODUCTORY SECTION	Page
Title Page	
Table of Contents	i
City Officials	1
Organizational Chart (City and Council Committees).....	2
Letter of Transmittal	3
Certificate of Achievement	11
II. FINANCIAL SECTION	
Auditor’s Report	13
Management’s Discussion and Analysis.....	17
Basic Financial Statements	
<u>Government-wide Financial Statements:</u>	
Statement of Net Position.....	37
Statement of Activities.....	38
<u>Fund Financial Statements:</u>	
Governmental Funds	
Balance Sheet.....	41
Statement of Revenues, Expenses and Changes in Fund Balances	42
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Government Funds to the Statement of Activities.....	43
Statement of Revenues, Expenses and Changes in Fund Balances – Budget and Actual:	
General Fund.....	44
Arterial Street Fund	45
Proprietary Funds:	
Statement of Net Position	48
Statement of Revenues, Expenses, and Changes in Fund Net Position.....	49
Statement of Cash Flows	50
Fiduciary Funds:	
Statement of Fiduciary Net Position	54
Statement of Changes in Fiduciary Net Position	55
Notes to the Financial Statements.....	57
Required Supplemental Information	103
Combining and Individual Fund Financial Statements and Schedules	
Non-Major Government Funds:	
Combining Balance Sheet	106
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	107
Non-Major Special Revenue Funds:	
Combining Balance Sheet	110
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	112
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual:	
Local Street Special Revenue Fund	114
Hotel/Motel Tax Special Revenue Fund	115
Arterial Street Preservation Special Revenue Fund.....	116

Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual: (continued)	<u>Page</u>
Drug Forfeiture Special Revenue Fund	117
Housing & Community Development Special Revenue Fund	118
Recreation Trails Special Revenue Fund	119
Business Improvement Area Special Revenue Fund	120
Cumulative Reserve Special Revenue Fund	121
Mitigation Special Revenue Fund	122
Non-Major Debt Service Funds:	
Combining Balance Sheet.....	124
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	125
Capital Project Fund:	
Combining Balance Sheet.....	128
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance.....	129
Permanent Fund:	
Balance Sheet.....	132
Statement of Revenues, Expenditures and Changes in Fund Balance.....	133
Non-Major Enterprise Funds:	
Combining Statement of Net Position	136
Combining Statement of Revenues, Expenses, and Changes in Net Position	137
Combining Statement of Cash Flows	138
Internal Service Funds:	
Combining Statement of Net Position	142
Combining Statement of Revenues, Expenses, and Changes in Net Position	143
Combining Statement of Cash Flows	144
Agency Fund:	
Statement of Changes in Assets and Liabilities	148

III. STATISTICAL SECTION

	Schedule	
Net Position by Components.....	1	150
Changes in Net Positions	2	151
Fund Balances, Government Funds.....	3	152
Changes in Fund Balances, Government Funds.....	4	153
Tax Revenues by Source, Government Funds	5	154
Assessed Value by Type	6	155
Property Tax Data	7	156
Property Tax Levies and Collections	8	158
Principal Taxpayers – Property Taxes	9	159
Retail Tax Collections by Sector	10	160
Ratios of Outstanding Debt by Type	11	161
Computation of Legal Debt Margin.....	12	162
Legal Debt Margin Ratios	13	162
Computation of Net Direct and Estimated Overlapping Debt	14	163
Ratios of Net General Bonded Debt to Assessed Value	15	164
Pledged Revenue Bond Coverages	16	165
Population, Income and Housing Trends	17	166
Major Employers	18	167
Staffing Levels by Department.....	19	168
Operating Indicators by Department.....	20	169
Capital Asset Indicators by Department	21	170



CITY OFFICIALS

MAYOR
Nancy Backus



Claude DaCorsi



John Holman



Wayne Osborne



Bill Peloza



Yolanda Trout



Rich Wagner

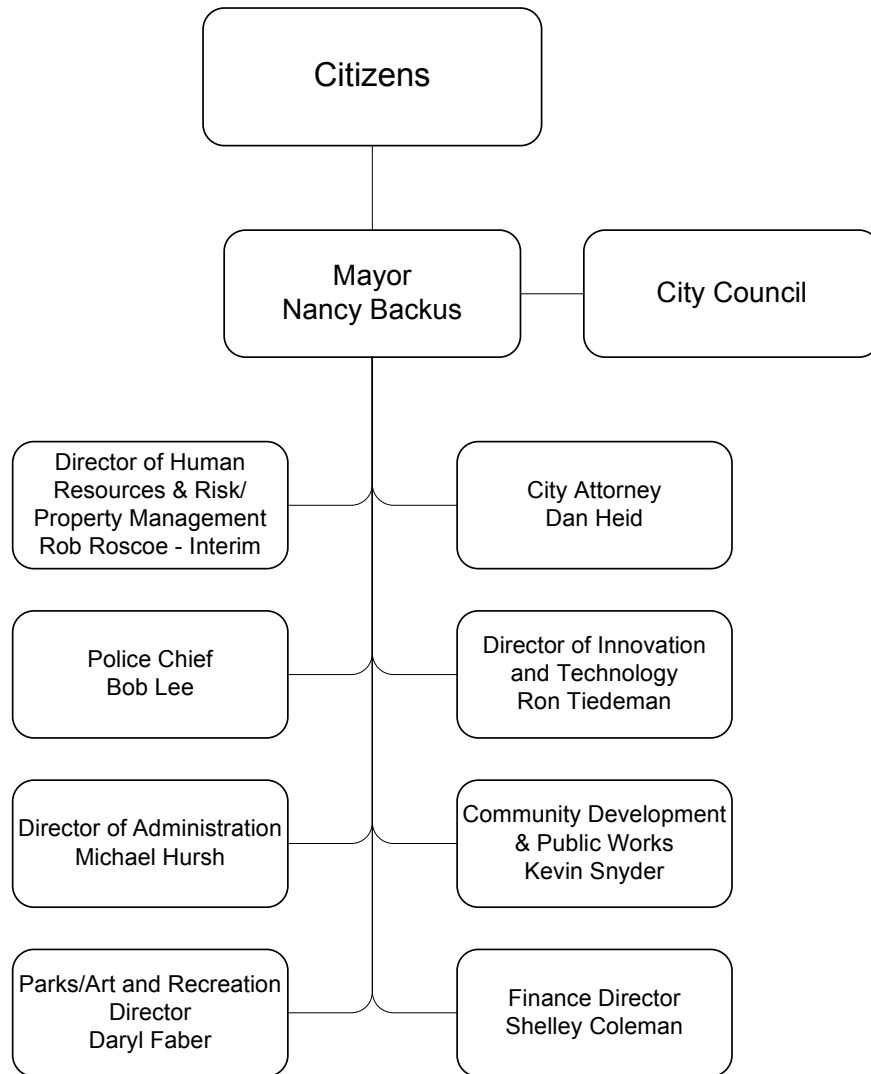


Largo Wales

DEPARTMENT DIRECTORS

Finance Director
City Attorney
Human Resources Director
Innovation & Technology Director
Parks Director
Community Development & Public Works Director
Police Chief
Director of Administration

Shelley Coleman
Dan Heid
Rob Roscoe - Interim
Ron Tiedeman
Daryl Faber
Kevin Snyder
Bob Lee
Michael Hursh



Finance Committee

Largo Wales, Chairperson
John Holman, Vice Chair
Yolanda Trout

Municipal Services Committee

Bill Peloza, Chairperson
Wayne Osborne, Vice Chair
Claude DaCorsi

Planning & Community Development Committee

John Holman, Chairperson
Largo Wales, Vice Chair
Yolanda Trout

Public Works Committee

Wayne Osborne, Chairperson
Bill Peloza, Vice Chair
Claude DaCorsi

June 26, 2014

Honorable Nancy Backus, Mayor
Members of the Auburn City Council
Citizens of the City of Auburn
25 W Main Street
Auburn, WA 98001

We are pleased to present the City's Comprehensive Annual Financial Report for the year ended December 31, 2013. We publish this financial statement in conformity with generally accepted accounting principles (GAAP). It has been audited in accordance with generally accepted auditing standards by the Washington State Auditor's Office.

Therefore, we issue and transmit to you the City of Auburn's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2013. This transmittal letter provides an overview of the report and the financial condition of the City. It also provides insight into the history of the City and the economic conditions affecting it, and describes the systems and controls employed by the Finance department.

The Comprehensive Annual Financial Report has several significant uses. First, it provides a general overview of the City's finances to the general public and taxpayers. Second, it is referenced by bond buyers and rating agencies to evaluate the City's fiscal stability and creditworthiness. Finally, the CAFR is a series of financial statements that have been audited by the State Auditor's Office and provides assurances that assets are safeguarded and funds are expended as they were legally appropriated in the biennial budget.

I. INTRODUCTION

A. Management Representation

The Auburn Finance Department prepared the report and accepts complete responsibility for the accuracy, completeness, and fairness of presentation of the information included. The data is believed to be accurate in all material respects, and it is believed that all significant information necessary for an understanding of the affairs and financial condition of the City has been disclosed. The report has been prepared in conformance with generally accepted accounting principles and in conformance with financial reporting standards issued by the Governmental Accounting Standards Board (GASB).

City management has developed and evaluated a comprehensive internal control structure that is designed to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with generally accepted accounting principles. Because the cost of internal controls should not outweigh the benefits, the City's internal control structure is designed to provide reasonable, rather than absolute, assurance that the

financial statements will be free from material misstatement. As management, we attest that, to the best of our knowledge and belief, this financial report is complete and reliable in all material aspects.

As a recipient of federal, state and county financial assistance the City is required to undergo an annual single audit in conformity with U.S. Office of Management and Budget Circular A-133, *Audits of State and Local Governments*. The audit is conducted by the State Auditor's Office in conjunction with the City's annual independent audit. The results of the City's annual single audit for the fiscal year ended December 31, 2013 provided no instances of material weakness in the internal control structure or significant violations of applicable laws.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of *Management's Discussion and Analysis (MD&A)*. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. Auburn's MD&A can be found immediately following the independent auditor's report.

B. Organization of the Report

The report is divided into three sections: the Introductory Section, the Financial Section, and the Statistical Section. The Introductory Section contains the table of contents, a list of the City's principal officials, an organizational chart, this letter of transmittal, and the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers' Association of the United States and Canada for the 2012 CAFR. The Financial Section contains the Washington State Auditor's Report, completed by the Washington State Auditor, Management's Discussion and Analysis, Government-Wide Financial Statements, the Fund Financial Statements, Notes to the Financial Statements and Other Required Combining and Supplemental Information. The Statistical Section, which is unaudited, contains a range of statistical tables and charts that present various financial, economic, social, and demographic data about the City. This information depicts various trends that have affected the fiscal condition of the City over the last ten years. The data presented in this section complies with the requirements of GASB Statement No. 44, *Economic Condition Reporting: The Statistical Section*.

C. Reporting Entity

The City of Auburn was incorporated in 1891 and currently operates as a non-charter Code City under the laws of the State of Washington. Code City status in Washington provides "home rule" authority to cities. Auburn has a Mayor/Council form of government; the Mayor is elected and is the full-time Chief Administrator. The seven-member City Council is elected at large, rather than by district. Members of the City Council are responsible for establishing the general direction and policies for the City and for providing the resources necessary to carry out those policies. As the City's chief administrator, the Mayor is responsible for carrying out the policy and direction set by the City Council. This includes the enforcement of laws and ordinances, the execution of contracts and agreements, and maintenance of peace and order in the city. The City is located primarily in southern King County (county seat, Seattle) and a small northeastern portion of Pierce County. These are the two most populous counties in the State of Washington, comprising over 40% of the state-wide population. The City is strategically located in relation to the labor and consumer markets of the two largest cities in the area: Seattle in King County and Tacoma in Pierce County. Auburn currently serves approximately 73,235 people within its incorporated limits.

The City provides a wide range of services, both beneficial and necessary, to its residents as well as to the adjacent area. These services include police protection; parks and recreational facilities that include a senior center, gymnasium, golf course and museum; land use management and development regulation; infrastructure construction and maintenance; water, sanitary sewage collection, storm drainage, and solid waste services; a general aviation airport; and a municipal cemetery. The City is a member/owner of Valley Communications providing emergency 911 services and South Correctional Entity providing jail facilities. Both these organizations provide services to other owner/member governments and other non owner/member governments as well through interlocal agreements.

II. ECONOMIC CONDITION

A. Summary of Local Economy

Auburn began as a small rural community based on agriculture and the railroad, which maintained a significant switching and repair facility. The City has grown significantly since World War II, both as a residential community and as a commercial and industrial area. Auburn has become a significant area for automobile sales and has also developed a substantial manufacturing and distribution base with the largest employer being The Boeing Co., which employs over 6,000 people in its Auburn facility. Boeing is a worldwide supplier of aircraft and related products. The City's assessed valuation in 2013, for 2014 property tax collection, was \$7.288 billion.

Auburn has enjoyed steady residential and industrial growth over the years as development has moved outward from the major cities. The City currently has a growing array of manufacturing facilities, as well as distribution, wholesaling, and retailing operations. Auburn is home to the MultiCare Auburn Medial Center and serves the local geographic area and is a major trauma center of the northwest providing 213 beds and supports about 635 employees. The medical center also includes an oncology center.

Auburn also has experienced an increase in new businesses and development activity. In October 2013, the former SuperMall of the Great Northwest was rebranded to the Outlet Collection Seattle after a \$35 million renovation. Major new businesses include Orion Industries, a leader in manufacturing and precision metal fabrication for the aerospace, defense, automotive and marine industries; Hospital Central Services Association (HCSA), a leading healthcare services organization serves a consortium of nonprofit hospitals for their laundry services; construction of the new Franciscan Medical Pavilion, a two-story 38,000 square foot mixed use building that will provide space for primary care as well as specialty cardiology, vascular surgery, endocrinological, and general surgical medical care services, was completed in early 2014. Currently there is \$45 million of new development permitted and under construction and additional projects totaling \$35 million in plan review. Significant new development projects underway include the new Trades Building and Student Life Building on the Green River Community College campus; \$110 million reconstruction and modernization of Auburn Senior High School; and construction of Project Lofts, a new six-story mixed use building in downtown Auburn that will feature commercial and residential units and a covered parking garage.

As the City moves forward, several positive developments are on the horizon. The City has been identified as an Innovation Partnership Zone (IPZ) in Washington State that will help businesses thrive through partnerships in research and workforce development. As new businesses and developments take hold, they will serve to broaden and strengthen the City's economic foundation far into the future

Since 2004 the City's total assessed property valuation has risen from \$4.77 billion in 2004 to \$6.97 billion in 2013. The recent economic downturn, coupled with the impact of the Streamlined Sales Tax (SST) legislation enacted by the State of Washington that went into effect July 1, 2008, has dropped general sales tax revenues from their high in 2007 of \$17.5 million to \$14.5 million in 2013. The SST impact is estimated to have eliminated approximately \$200,000 a month of sales tax revenue to the City. To lessen the financial impact on cities severely impacted by this legislation, the State of Washington implemented a mitigation plan under which the City of Auburn received approximately \$1.95 million in mitigation payments in 2013.

While the City, similar to other municipalities in the region and nationally, has suffered during the recent economic recession, the local economy is improving. Sales Tax revenue, net of criminal justice and annexation sales tax credits, constitutes approximately twenty five percent of the General Fund budget, increased to \$14.5 million (+10.7%) over the previous year. While the local economy is recovering, the City remains vigilant in its management of expenses and to ensure it lives within its means. The City's staffing level totals 403 full-time equivalents (FTEs).

Despite economic cycles, the City has continually focused on enhancing the quality of life in the community and focusing on maintaining and redeveloping its aging infrastructure. For example, in 2013, the City sold \$11.4 million in new revenue bonds to support improvements to critical water and stormwater facilities, construction of which will ensure continued quality services for current and future utility customers.

The City's budgeting process is based on financial policies directed at conserving fiscal resources while supporting programmatic strategies. Budget recommendations reflect a long-range analysis of fiscal trends. These policies and practices have not only averted serious funding problems in the past, but have enabled the General Fund to remain on a firm financial footing during the most recent recession.

The City is maintaining a stable financial condition by managing expenditure budgets to available revenue streams. All funds contain adequate balances, and the City's debt is manageable. The General fund contains a satisfactory balance, a significant Insurance fund has been set aside for contingencies, and the Equipment Rental fund is adequate for vehicle replacement. The Proprietary and Fiduciary funds are in satisfactory condition. The City completed a review of the City's water, sewer and stormwater utility rates in 2012 and established rates to fund operating and capital needs through 2017 including the issuance of new revenue bonds in early 2013 to support significant new utility construction projects.

B. Future Economic Outlook

Auburn is in a continuous process of both short-term and long-term financial planning. Short-term financial planning is inherent in the development of the City's biennial budget. Concurrent with the biennial budget is the review of the City's long-term capital needs. Funding sources are assessed with the development of the six-year Capital Facilities Plan. The capital facility plan is a component of the Comprehensive Master Plan, which outlines how the City should look and function in twenty years and creates a vision that can be realistically implemented. An integral part of this vision is determining how to allocate the City's financial resources to achieve the desired goals.

The City has several long-term municipal planning and capital projects underway. These include reconstruction of aged utility infrastructure; street improvements including rehabilitation of local neighborhood streets. These projects will improve mobility, will contribute to the completion of a North/South arterial corridor, and provide for greater recreational opportunities for the community. These municipal projects, coupled with the new private sector developments described earlier, will help ensure local economic growth continue, albeit not at the rate experienced in the late 1990's. The challenge is to control costs that grow at a faster rate than revenue. Areas of concern are health care costs, pension costs, other post employment benefits (OPEB), and public safety costs related to incarceration and labor contracts. Continuing to maintain service level in these sectors will draw valuable resources from other areas such as infrastructure replacement and capital programs. As Auburn moves forward, economic conditions will be continually monitored and adjustments to city spending and services made to maintain the City's financial health. Long-term plans will be focused on ensuring the City continues to be an economically strong and viable city.

III. FINANCIAL INFORMATION

A. Cash Management

The City invests in U.S. Treasury and Agency Issues, Prime Bankers Acceptances, Time Deposits, and Repurchase Agreements. Investment policies and procedures, established by the Mayor and adopted by the City Council, require the City to establish a trustee to take delivery of all investment transactions at time of payment. The City has contracted with the Bank of New York to provide delivery versus payment trustee services on all government agency investments. The State of Washington maintains an investment pool to provide economies of scale in investing to smaller- and medium-sized cities in the State. The City uses this service for all funds not invested in longer-term securities. The pool operates under the same legal restrictions that apply to all municipalities in the State and, consequently, uses the same instruments as listed above. The State also takes delivery of all investment transactions.

The City has adopted a comprehensive investment policy statement to guide City investment practices. These policies are closely patterned after the recommendations in *Investing Public Funds* published by the Government Finance Officer's Association (GFOA). Investments are restricted to less than three years in order to maintain liquidity on all investments in all funds, yet enable the City to take advantage of the yield curve. Fiduciary funds, which involve long-term reserves and require minimal liquidity, are invested for longer time periods. The City undertakes repurchase agreements only with financial institutions that offer the City full protection in the event of default, by providing the delivery of the underlying security to the City.

B. Risk Management

The City participates in the Washington Cities' Insurance Authority (an insurance pool of over 100 cities) and the City actively pursues risk reduction in the operation of its programs.

The City purchases, with employee participation, most of its health insurance for its employees through commercial policies administered by the Association of Washington Cities. Employees represented by the Teamsters Union have insurance through the Teamsters organization. Beginning in 2014 the City created its own worker's compensation program and pool. Prior, the City participated in the Washington State Workers' Compensation program.

In order to keep its long-term options open and to provide for any uninsured losses that might occur, the City has elected to build an insurance reserve (the Insurance fund). The Insurance fund supplements various insurance coverage's maintained by the City. This fund is also used to self-insure some limited exposures, the most significant of which is accidental loss to City-owned vehicles.

The Washington Cities' Insurance Authority not only provides a sharing of risk by pooling of losses, it also provides an extensive array of professional services in risk management. The pool monitors the City's management practices and damage claims. The City follows the guidelines provided by the pool in an effort to minimize risk exposure in the day-to-day operations of the City's programs. The City also maintains an extensive employee safety program managed by the Human Resources department.

IV. OTHER RELEVANT INFORMATION

A. Independent Audit

State law requires an annual audit of all City books of accounts and financial records by the Office of the State Auditor, which is headed by an independently elected State official, the State Auditor. The Auditor has broad legal authority to inquire into all financial and legal compliance matters and such audits are considered equal to audits by certified public accounting firms. The 2013 financial audit of the City is complete and was conducted in conformance with Generally Accepted Auditing Standards. The financial statements of all City funds have been included in this audit. The City has been given an unqualified opinion for 2013. Please see the Auditor's Report. The State Auditor's Office also audits the City's administration of its federal grants under the single audit concept.

B. Awards

The Government Finance Officer's Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Auburn for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2012. This was the twenty-sixth consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The City has also received the Government Finance Officer's Association Distinguished Budget Presentation award for twenty-two years. The City was one of just twenty-one cities in the state to receive both the Certificate of Achievement for Excellence in Financial Reporting and the Distinguished Budget Presentation award for 2013.

C. Acknowledgments

Preparation of this report could not have been accomplished without the professional, efficient, and dedicated staff of the Finance department and various other City employees who assisted in its production. Further appreciation is extended to the Mayor and City Council for their encouragement,

interest, and support in conducting the financial affairs of the City in a sound and progressive manner. The assistance of the auditors from the Washington State Auditor's Office is also greatly appreciated.

Respectfully submitted,

A handwritten signature in black ink that reads "Shelley Coleman". The signature is written in a cursive, flowing style with a long horizontal stroke at the end.

Shelley R. Coleman
Finance Director

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Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Auburn
Washington**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2012

Executive Director/CEO



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Washington State Auditor Troy Kelley

INDEPENDENT AUDITOR'S REPORT

June 26, 2014

Mayor and City Council
City of Auburn
Auburn, Washington

REPORT ON FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Auburn, King County, Washington, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor

considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Auburn, King County, Washington, as of December 31, 2013, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General and Arterial Street funds, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Matters of Emphasis

As described in Note 1, during the year ended December 31, 2013, the City has implemented the Governmental Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 17 through 34, information on postemployment benefits other than pensions on page 103 and pension trust fund information on page 103 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying information listed as combining financial statements and supplementary information on pages 106 through

148 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This information has been subjected to auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The information identified in the table of contents as the Introductory and Statistical Section is presented for purposes of additional analysis and is not a required part of the basic financial statements of the City. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we will also issue our report dated June 26, 2014, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Sincerely,



TROY KELLEY
STATE AUDITOR

AUBURN
MORE THAN YOU IMAGINED

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Auburn's (the "City") discussion and analysis is designed to:

- Assist the reader in focusing on significant financial issues
- Provide an overview of the City's financial activity
- Identify changes in the City's financial position (its ability to meet future years' challenges)
- Identify any material deviations from the approved budget
- Identify individual fund issues or concerns

Management's Discussion and Analysis is designed to focus on the current year's activities, resulting changes and currently known facts. Therefore, it should be read in conjunction with the Transmittal Letter and the City's financial statements.

Financial Highlights

- Total government-wide net position, the difference between assets plus deferred outflows and liabilities plus deferred inflows, equal \$624.0 million, an increase of \$3.8 million or 0.6%. Of this, a total of \$511.8 million, or 82.0% of total net position, is net investment in capital assets, and includes assets such as utility systems, streets, buildings, land, vehicles and equipment. An additional \$7.5 million of net position is restricted for purposes of endowment and debt service. Of the remaining \$104.7 million of net position, \$24.3 million is legally restricted, restricted by City policy for specific purposes, or is restricted for use by the City's utilities and \$80.3 million is unrestricted.
- The net increase in government-wide net position during 2013 was \$3.8 million. Of this amount, \$16.8 million was directly related to the decrease in City-owned net investment in capital assets and restricted for capital projects increased \$12.4 million.
- Business-type net position increased by \$6.4 million to \$215.3 million during 2013 as a result of capital contributions related to the City's water, sewer and storm water utilities.
- Governmental fund balances at year-end totaled \$46.9 million. Of this amount, \$17.8 million, or 38%, is unassigned and available to fund ongoing activities.

Compared to 2012, total governmental fund balances increased by \$4.4 million. This increase reflects the net effect of a general improvement in the regional economy and continued vigilance in monitoring general spending.

- Total City debt payments during the year, net of compensated absences and other post employment benefits, were \$4.76 million. Total outstanding debt, including bonds and loans, totaled \$114.3 million at December 31, 2013. This ending debt balance is an increase of \$13.5 million from 2012 and is primarily the result of \$11.4 million in added Utility revenue bonds issued in 2013. See note 9 for further information on debt activity during the year.

Other City Highlights:

Parks and Community Development

- Constructed a new playground at Brannan Park. The playground was designed by Auburn youth and community members and playground equipment was built by over 250 community volunteers in just over six-hours. The 27 acre park contains one of the city's most heavily used sports complexes and features a baseball complex with lighted fields, basketball court, play structure, soccer field, walking trails among other amenities.
- Completed Lea Hill Park, a seven acre parcel that was acquired as part of a land exchange with the Green River Community College. The park features a skate park, picnic shelter, amphitheater, basketball court and small scale soccer and multipurpose field.
- Installed the first ever Outdoor Sculpture Garden in Downtown Auburn, featuring six sculptures by local artists.
- Auburn was ranked among top 10 in Center for Digital Government and National League of Cities 2013 Digital Cities survey.
- The Green River Community College ranked among the top associate degree and certificate awarding colleges in the 2012-2013 academic year, according to a study released by the national journal Community College Week. Over the past 10 years, Green River has made the top 100 list seven times.

Public Works

- Completed emergency storm repairs to the Hidden Valley Vista deteriorated storm water lines.
- Completed guard-rail improvements along Kersey Way, Green River Road and Mountain View Drive.
- Completed the M Street Underpass (grade separation) project, which grade separated M Street SE from the Burlington Northern Santa Fe Stampede Pass Rail Line.
- Completed the 2013 pavement patching, chip seal and overlay project.
- Completed overlay of West Valley Highway from 15th Street NW to 37th Street NW.
- Completed upgrading the SCADA system.
- Completed the Lea Hill Safe Routes to School project, improving student pedestrian routes to Hazelwood Elementary, Lea Hill Elementary and Rainier Middle School.
- Completed D Street storm, sewer and water utility and street improvements.

Overview of the Financial Statements

The City's basic financial statements are presented in three parts:

- 1) Government-wide financial statements
- 2) Fund financial statements
- 3) Notes to the financial statements

These statements report the Cities net position, and changes in them. The net position is the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. The City does not report deferred inflows of resources because it had no items requiring recognition as deferred inflows of resources in 2013.

Other supplementary information, in addition to the basic financial statements, is also contained in this report. This section of the management's discussion and analysis is intended to introduce and explain the basic financial statements.

Government-wide Financial Statements

The Financial Statements are presented in conformity with the Governmental Accounting Standards Board (GASB), which establishes GAAP for governmental entities. The City adopted the provisions of Statement No. 63 – Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position as of December 31, 2012 and GASB No. 65 – Items Previously Reported as Assets and Liabilities as of December 31, 2013. In adopting these new standards, the statement of net position reflects the retroactive application of GASB No. 65 in that bond issuance costs are no longer a contra-liability account and reduce previously reported net position and previous losses on bond refundings are now reported as deferred outflows of resources.

The government-wide financial statements are designed to be corporate-like in that all governmental and business-type activities are consolidated into columns which add to a total for the City. The focus of the *Statement of Net Position* is designed to be similar to bottom-line results for the City and its governmental and business-type activities. This statement combines and consolidates governmental funds' current financial resources (short-term spendable resources) with capital assets, deferred outflows of resources, long-term obligations and deferred inflows of resources, (which there are none to report). Over time, increases or decreases in net position may be one indicator of improvement or deterioration in the City's overall financial health.

The *Statement of Activities* is focused on both the gross and net cost of various functions, including both governmental and business-type activities, which are supported by the City's general tax and other revenues. This is intended to summarize and simplify the user's analysis of cost of various governmental services and/or subsidy to various business-type activities. The revenue generated by the specific functions (charges for services, grants, and contributions) is compared to the expenses for those functions to show how much each function either supports itself or relies on taxes and other general funding sources for support. All activity on this statement is reported on the accrual basis of accounting, requiring that revenues are reported when they are earned and expenses are reported when they are incurred, regardless of when cash is received or disbursed.

Governmental activities of the City include general government (executive, finance, legal, human resources, and contracted court), security (police), physical environment, economic environment, transportation, health and human services, and culture and recreation. The City's business-type activities include water, sanitary sewer, storm water and solid waste utilities, as well as the operations of a golf course, airport, and cemetery. Governmental activities are primarily supported by taxes, charges for services, and grants while business-type activities are self-supporting through user fees and charges.

Fund Financial Statements

The Fund Financial Statements are the traditional reporting format for governments. A fund is a fiscal and accounting entity with a self-balancing set of accounts used to account for specific activities or meet certain objectives. While the government-wide statements present the City's finances based on the type of activity (general government vs. business type), the Fund Financial Statements are presented by fund type, such as the general fund, special revenue funds and proprietary funds, with the focus on major funds.

Governmental Funds are used to account for essentially the same functions that are reported as governmental activities in the government-wide financial statements. The government major fund is presented utilizing the "sources and uses of liquid resources" basis. This is the manner in which the budget is typically developed. The basis of accounting is different between the governmental fund statements and the government-wide financial statements. The governmental fund statements focus on the near-term revenues/financial resources and expenditures while the government-wide financial statements include both near-term and long-term revenues/financial resources and expenses. The information in the governmental fund statements can be used to evaluate the City's near-term financing

requirements and immediate fiscal health. Comparing the governmental fund statements with the government-wide statements can help the reader better understand the long-term impact of the City's current-year financing decisions.

Because the basis of accounting is different between the governmental fund statements and the government-wide financial statements, reconciliations are provided. The reconciliation between the governmental fund Balance Sheets and the government-wide Statement of Net Position is found on the bottom of the governmental funds' Balance Sheet, while the reconciliation between the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance and the government-wide Statement of Activities is found directly following the governmental funds' Statement of Revenues, Expenses, and Changes in Fund Balances.

The City maintains twenty (20) individual governmental funds. Of these, three are considered major (the general fund, the arterial street fund, and the capital improvement projects fund) and are presented separately in the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances. The remaining governmental funds are combined into a single column labeled "Other Governmental Funds". Individual fund data for each of the other governmental funds can be found in the combining statements later in this report.

The City maintains budgetary control over its operating funds through the adoption of a biennial budget. Budgets are adopted at the fund level according to state law. Budgetary comparison statements are presented for the general and arterial street funds as part of the basic financial statements. Other budgetary comparison statements are included following the other government funds' combining statements in this report.

Proprietary funds are used by governments to account for their business-type activities and use the same basis of accounting utilized in private industry. Business-type activities provide specific goods or services to a group of customers that are paid for by fees charged to those customers. There is a direct relationship between the fees paid and the services rendered.

The City has two types of proprietary funds: enterprise funds and internal service funds. Enterprise funds are used to account for goods and services provided to citizens, while internal service funds are used to account for goods and services provided internally to various City departments.

Enterprise funds report the same functions presented as business-type activities in the government-wide statements, but in greater detail. The City's enterprise fund statements provide information on the City's four utilities (water, sanitary sewer, storm water, and solid waste) as well as the City-owned airport, cemetery, and golf course.

Internal service funds are an essential accounting tool used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its fleet of vehicles, its maintenance and operation of facilities, the City-wide provision of computer hardware and software services, and its insurance premiums. Internal service funds benefit both governmental and business-type activities, and are allocated accordingly in the government-wide statement of activities.

Fiduciary funds account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments or other funds. Fiduciary funds are not included in the government-wide financial statements because their assets are not available to support the City's activities.

The City has two fiduciary funds: a pension fund and an agency fund, and are accounted for on the accrual basis. As agency funds are custodial in nature, they do not include revenues and expenses.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found at the end of the Basic Financial Statements section.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the budget vs. actual reports of the City's general fund and major special revenue funds. The budget vs. actual required supplementary information can be found on page 44 and 45, and the pension benefit and other postemployment benefit required supplementary information is found in the required supplemental information.

The combining statements referred to earlier in connection with nonmajor governmental funds, nonmajor enterprise funds, and internal service funds are presented in the section titled "Fund Financial Statements and Schedules".

Government-wide Financial Analysis

The statement of net position may serve as a useful indicator of the City's financial position. The overall financial position has improved for the City of Auburn over the prior year. Changes in Net Position from 2012 to 2013 show an increase in total net position of \$4.18 million (not including the prior period adjustment of \$0.38 million). Following is a condensed version of the government-wide statement of net position with a comparison to 2012:

STATEMENT OF NET POSITION Comparative Analysis of 2013 and 2012

	Governmental Activities		Business-type Activities		Total	
	As of 12/31/13	As of 12/31/12	As of 12/31/13	As of 12/31/12	As of 12/31/13	As of 12/31/12
Current and other assets	\$ 101,729,060	\$ 97,545,749	\$ 56,821,892	\$ 41,668,321	\$ 158,550,952	\$ 139,214,070
Capital assets, net of accumulated depreciation	379,730,745	386,230,900	212,902,959	208,530,146	592,633,704	594,761,046
Total assets	481,459,805	483,776,649	269,724,851	250,198,467	751,184,656	733,975,116
Deferred Outflows of Resources	27,929	-	49,856	-	77,785	-
Long-term liabilities	64,297,074	62,930,643	45,806,167	34,579,930	110,103,241	97,510,573
Other liabilities	8,548,606	9,537,546	8,628,868	6,750,234	17,177,474	16,287,780
Total liabilities	72,845,680	72,468,189	54,435,035	41,330,164	127,280,715	113,798,353
Net position						
Net investment in capital assets	346,195,793	354,899,294	165,619,867	173,709,864	511,815,660	528,609,158
Restricted for:						
Capital Projects	12,517,220	10,603,982	10,453,443	-	22,970,663	10,603,982
Nonexpendable Permanent Endowment	1,536,316	1,475,580	-	-	1,536,316	1,475,580
Debt Service	45,788	50,439	5,973,355	4,306,893	6,019,143	4,357,332
Tourist Promotion	131,851	109,913	-	-	131,851	109,913
Drug Investigation & Enforce	710,147	856,402	-	-	710,147	856,402
Comm Dev Block Grant	37,519	43,397	-	-	37,519	43,397
Central Business Distr Dev	41,068	24,403	-	-	41,068	24,403
Rate Stabilization	-	-	412,791	412,165	412,791	412,165
Unrestricted	47,426,352	43,245,050	32,880,216	30,439,381	80,306,568	73,684,431
Total net position	\$ 408,642,054	\$ 411,308,460	\$ 215,339,672	\$ 208,868,303	\$ 623,981,726	\$ 620,176,763

The City's net position increased by \$3.8 million (including the change in accounting principle). The increase in Net Position from the Statement of Activities is reported at \$4.18 million. The difference of \$0.38 million is due to writing-off bond issuance costs in conformity with GASB No. 65 as a prior period adjustment. This prior period adjustment is only reflected in the 2013 financial statements as the City does not present comparative financial statements. As such, the prior period adjustment is not reflected in this Management's Discussion and Analysis for 2012 but rather is reflected in the 2013 reported amounts.

The largest component of the City's net position, \$511.8 million, or 82.0%, is its net investment in capital assets. These capital assets, such as streets, parks, trails, and vehicles and equipment related to police and public works, are used to provide services to the citizens. As a result, these assets are not for sale, and are therefore not available to fund current and future City obligations. The City elected the GASB 34 reporting option to include all general infrastructure of the City acquired or substantially renovated since 1980.

The largest component of unrestricted net position, \$47.4 million, may be used for functions such as public safety employee salaries and supplies, park and road maintenance, and other general governmental services. The second largest component of unrestricted net position, \$32.9 million, represents the unrestricted net position of the City's business-type activities and may only be spent on activities related to one of the four City utilities (water, sanitary sewer, storm water and solid waste) or to the City-owned ventures (airport, golf course, and cemetery). Examples of utility activities include maintenance of water/sewer mains, pump and lift stations, storm drain flushing, water meter reading, and garbage collection. Activities related to the other City-owned ventures include maintenance of hangars and runways at the airport, and grooming and landscaping at the golf course and cemetery.

Restricted governmental fund net position is \$15.0 million and is restricted for purposes such as capital project construction, debt service, drug investigation and enforcement, and endowment. Total net investment in capital assets decreased \$16.8 million which is due to the sale of governmental fund assets and the increase in bonds in business-type activities.

Changes in Net Position

The change in net position represents the increase or decrease in City net position resulting from its various activities.

Following is a condensed version of the City's changes in net position. The table shows the revenues, expenses and related changes in net position for both governmental-type and business-type activities:

**CHANGES IN NET POSITION
Comparative Analysis of 2013 and 2012**

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues						
Charges for services	\$ 9,824,305	\$ 7,916,897	\$ 57,533,735	\$ 50,710,688	\$ 67,358,040	\$ 58,627,585
Operating grants and contributions	1,967,252	3,560,707	90,361	97,052	2,057,613	3,657,759
Capital grants and contributions	5,955,062	17,835,784	5,483,344	7,248,835	11,438,406	25,084,620
General revenues						
Property taxes	14,490,790	14,970,136	-	-	14,490,790	14,970,136
Sales taxes	18,335,157	16,679,278	-	-	18,335,157	16,679,278
Interfund utility taxes	3,892,250	3,281,816	-	-	3,892,250	3,281,816
Admission & utility taxes	9,156,636	8,856,498	-	-	9,156,636	8,856,498
Excise taxes	2,555,850	2,141,620	-	-	2,555,850	2,141,620
Other taxes	4,429,090	4,679,333	-	-	4,429,090	4,679,333
Investment earnings	121,687	178,618	68,400	82,903	190,087	261,521
Miscellaneous revenue	(4,625,627)	547,391	763,717	1,781,676	(3,861,910)	2,329,066
Total revenues	66,102,452	80,648,078	63,939,557	59,921,154	130,042,009	140,569,232
Expenses:						
General government	7,508,112	9,441,887	-	-	7,508,112	9,441,887
Public safety	27,423,015	27,339,301	-	-	27,423,015	27,339,301
Transportation	14,861,834	15,736,610	-	-	14,861,834	15,736,610
Physical environment	2,699,301	2,535,877	-	-	2,699,301	2,535,877
Culture and recreation	9,184,289	8,310,210	-	-	9,184,289	8,310,210
Economic environment	2,346,025	2,914,335	-	-	2,346,025	2,914,335
Health and human services	510,285	633,175	-	-	510,285	633,175
Interest on long-term debt	3,795,024	2,336,960	-	-	3,795,024	2,336,960
Water	-	-	11,893,094	9,655,724	11,893,094	9,655,724
Sanitary sewer	-	-	21,584,215	19,680,724	21,584,215	19,680,724
Storm drainage	-	-	7,726,467	8,025,729	7,726,467	8,025,729
Solid waste	-	-	12,535,078	11,305,322	12,535,078	11,305,322
Golf course	-	-	1,933,597	1,912,174	1,933,597	1,912,174
Other business-type activities	-	-	1,857,252	1,954,104	1,857,252	1,954,104
Total expenses	68,327,885	69,248,355	57,529,703	52,533,777	125,857,588	121,782,132
Increase in net position before transfers	(2,225,433)	11,399,723	6,409,854	7,387,377	4,184,421	18,787,099
Transfers	(218,230)	(513,428)	218,230	513,428	-	-
Change in net position	(2,443,663)	10,886,295	6,628,084	7,900,805	4,184,421	18,787,099
Net Position, January 1, as Previously Reported	411,308,460	400,422,165	208,868,303	200,967,498	620,176,763	601,389,663
Change in Accounting Principle	(222,743)	-	(156,715)	-	(379,458)	-
Net Position, January 1, as Restated	411,085,717	400,422,165	208,711,588	200,967,498	619,797,305	601,389,663
Net position, December 31	\$ 408,642,054	\$ 411,308,460	\$ 215,339,672	\$ 208,868,303	\$ 623,981,726	\$ 620,176,762

Governmental activities declined by \$2.7 million. Revenues to fund capital assets are recorded as program or general revenues in the statement of activities. However, asset purchases are not recorded as expenses in the year purchased and construction costs are not recorded as expenses in the year incurred. Instead, the costs are recorded as long-term assets and are depreciated over their useful life.

General tax revenues increased by 4.4% to \$52.9 million between 2012 and 2013, compared to an increase of 1.4% between 2011 and 2012:

- Property tax revenue decreased \$479,000 or 3.2%.
- Sales tax collections increased \$1.7 million or 9.9%, reflecting continued improvement in the economy.
- Utility and admission tax revenue increased by \$300,000 or 3.4%.
- Excise tax revenue increased by \$414,000 or 19.3%. The increase in excise taxes is due primarily to real estate excise taxes (REET) which increased as a result of an increase in real estate transactions.

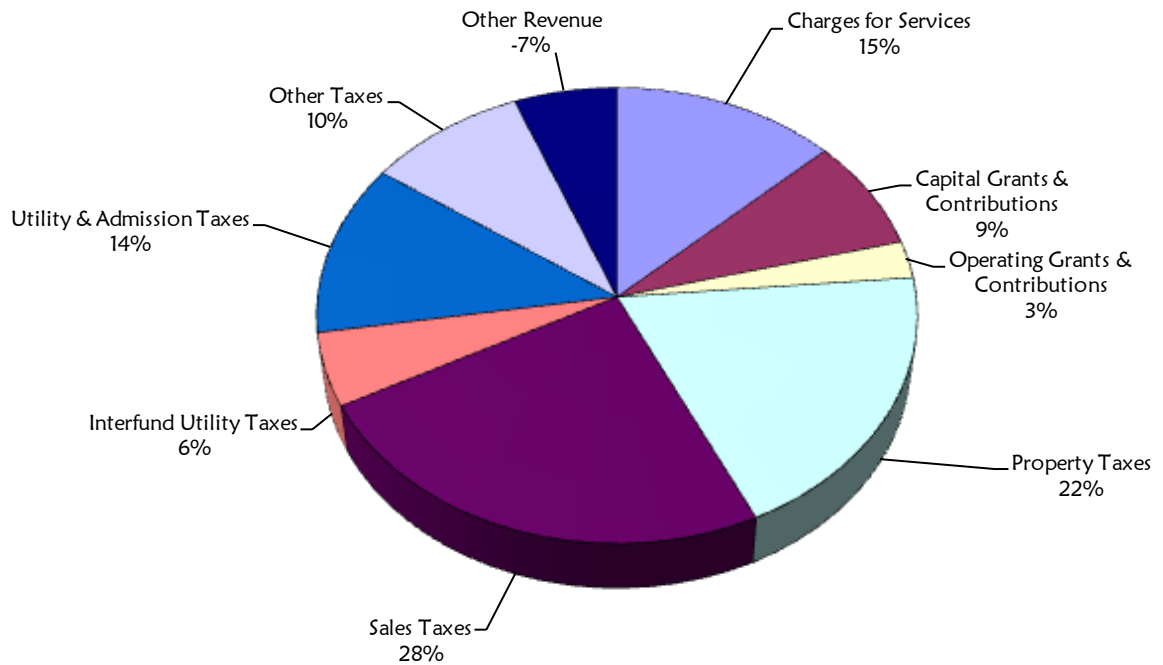
Investment earnings fell by \$56,931 in governmental activities and \$14,503 in business-type activities for a government-wide decline of \$71,434 or 27.3%. These declines reflect the continued low interest rates.

Government-wide Miscellaneous revenue decreased \$6.2 million to \$(3.9) million. Miscellaneous revenue of \$2.3 million in 2012 was attributable to contributions from King County Flood Control District for flood barrier removal and the City of Algona for the purchase of storage in the Lakeland Hills Reservoir. Miscellaneous revenue of \$(3.9) million in 2013 was and attributable to a sale of Land.

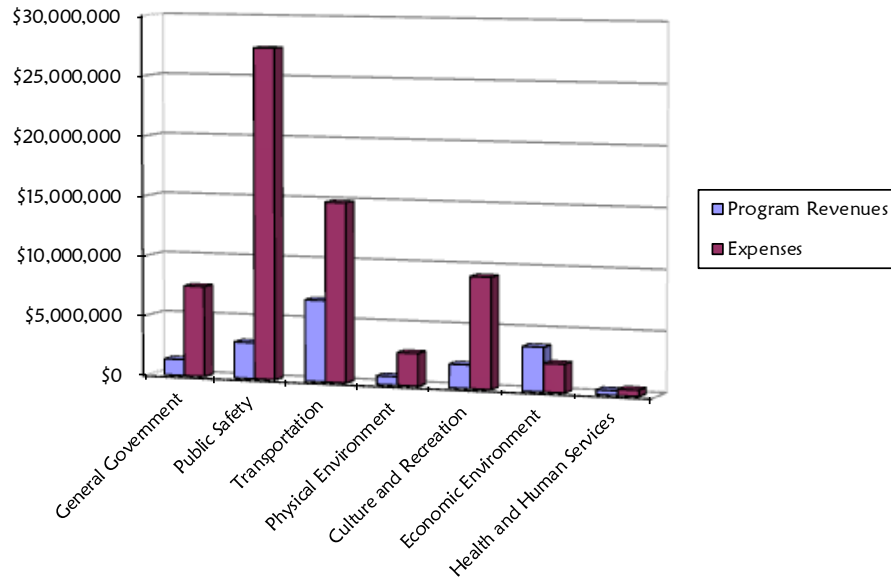
Government-wide expenses increased by approximately \$4.1 million or 3.4% and were attributable to an increase in interest on long term debt, and operating expenses for water, sewer and solid waste utilities.

The following first chart summarizes the government activity revenue by source, while the second chart reflects the specific programs’ revenues and related expenses for the various activities of the City. Gaps between specific programs’ revenues and their related expenditures are funded through general tax revenues.

Revenues by Source – Government Activities



Program Expenses and Revenues – Governmental Activities



Business-type net position totaled \$215.3 million, an increase of 3.1%. Key components of this increase include:

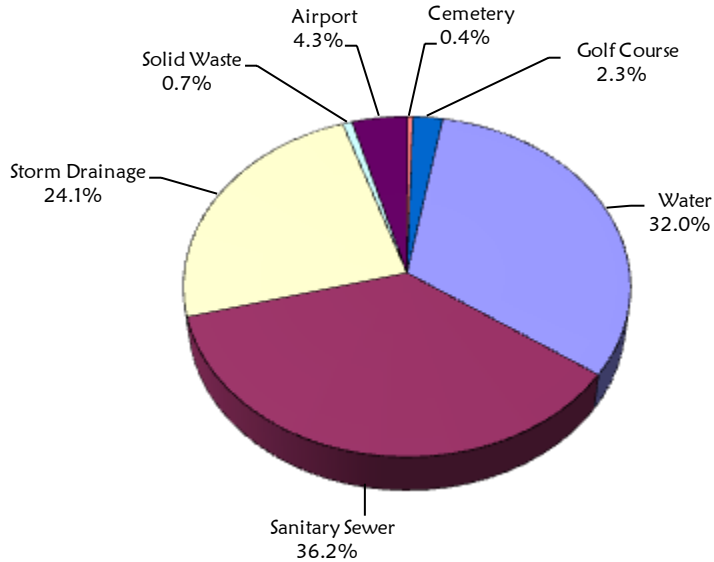
- Business-type revenues increased \$4.0 million to \$63.9 million due to an increase in charges for services which is offset by decreases in capital grants and contributions and miscellaneous revenue.
- Income (loss) before capital contributions and transfers amounted to:

Water fund:	\$	39,600
Sanitary sewer fund:		(317,813)
Storm fund:		834,790
Solid waste fund:		469,805
Golf course:		(477,957)
Non-major funds:		<u>(268,284)</u>
	\$	280,141

- Net transfers totaled \$218,230.

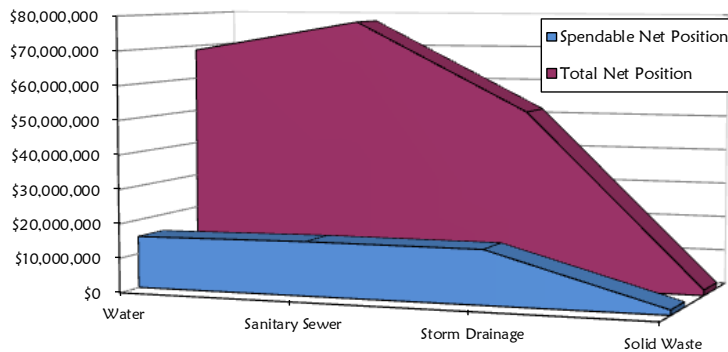
The following chart shows the relative net position balances for each business-type fund:

Business Type Net Position – By Fund

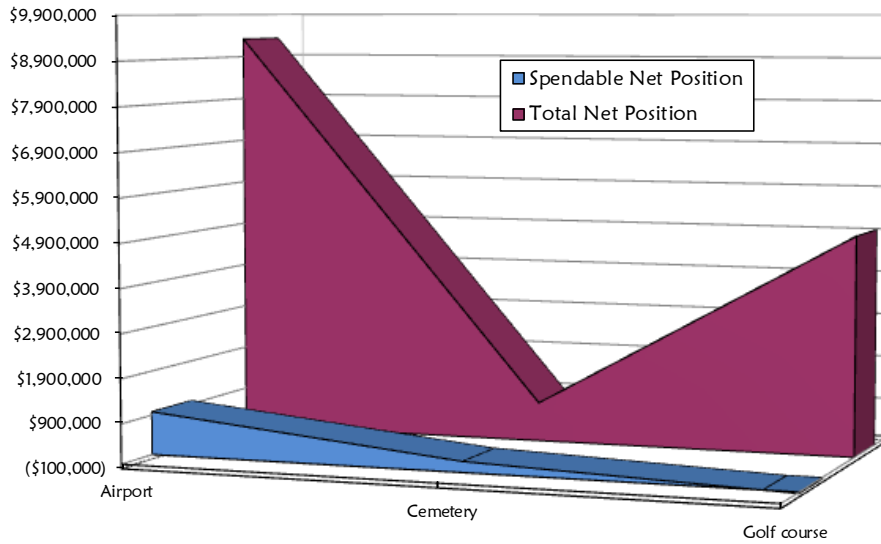


The majority of net position in the City’s enterprise funds relate to capital asset infrastructure, such as water and sewer mains, the airport runway, and the golf course land. As such, most of the net position is not available to support the ongoing expenses of the funds. Following are two charts that contrast the total net position to the spendable portion of net position for each enterprise fund:

**Comparison of Total Net Position to Spendable Net Position
Utility Funds**

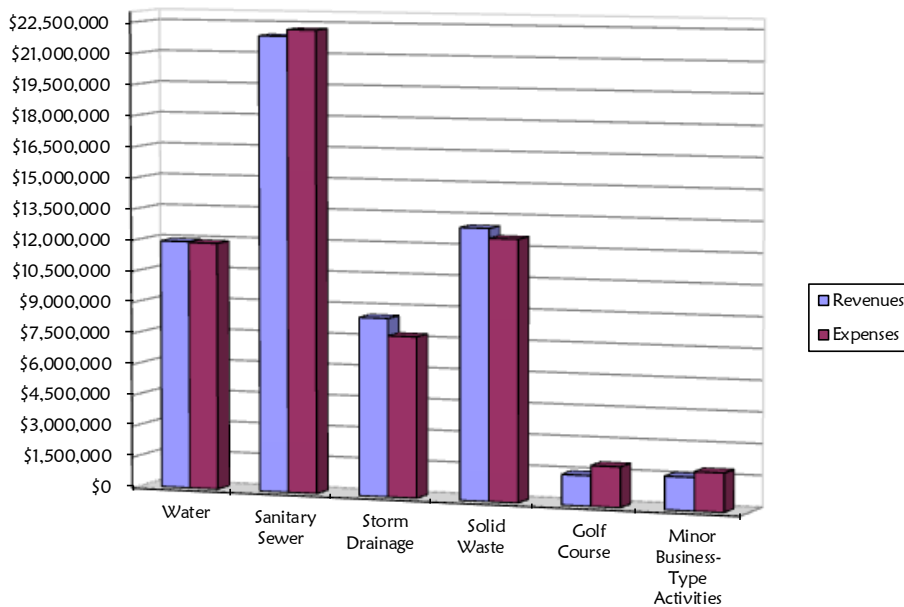


**Comparison of Total Net Position to Spendable Net Position
Other Enterprise Funds**

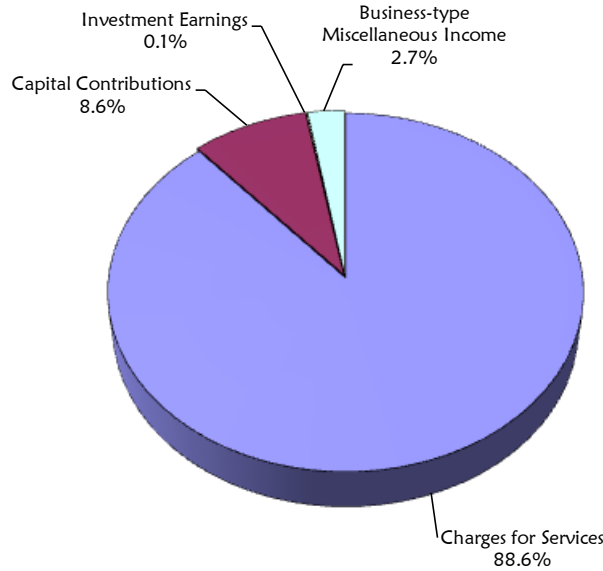


The following first chart depicts the revenues and expenses for business-type funds, while the second shows the various sources of business-type revenue:

**Business Type Activity Revenues and Expenses
Before Capital Contributions and Transfers**



**Business Type Activity Revenues
By Source**



Financial Analysis of Governmental Funds

The purpose of the City’s governmental funds is to report on near-term revenues/financial resources and expenditures. This information helps determine the City’s financial requirements in the near future. Specifically, fund balance is a good indicator of the City’s financial resources.

As of December 31, 2013, the City’s governmental funds had combined fund balances of \$46.9 million, an increase of \$4.4 million or 10.3% over the previous year. This increase is primarily due to an increase in fund balance for the Capital Improvement fund due to proceeds from the sale of Auburn Professional Plaza Suite #380 and land of \$2.6 million and an increase in fund balance for the Mitigation fund due to a reduction in net transfers. The following table shows the changes in fund balance between 2012 and 2013.

Changes in Fund Balance - By Fund

Fund	2013	2012	Difference
General fund	\$ 23,644,516	\$ 23,701,900	\$ (57,384)
Arterial street fund	2,435,922	2,143,713	292,209
Capital improvement fund	9,102,927	6,412,475	2,690,452
Mitigation fund	4,640,767	3,061,179	1,579,588
Cemetery endowment fund	1,629,564	1,585,916	43,648
All other government funds	5,430,224	5,607,774	(177,550)
Total	\$ 46,883,920	\$ 42,512,957	\$ 4,370,963

Of the government funds’ total fund balances, \$17.8 million is unassigned. Nonspendable, restricted, committed and assigned fund balances total \$29.1 million. Of this \$29.1 million, \$10.1 million is earmarked for capital projects, \$11.4 million is in special revenue funds that are earmarked for specific purposes and \$1.5 million is for endowment.

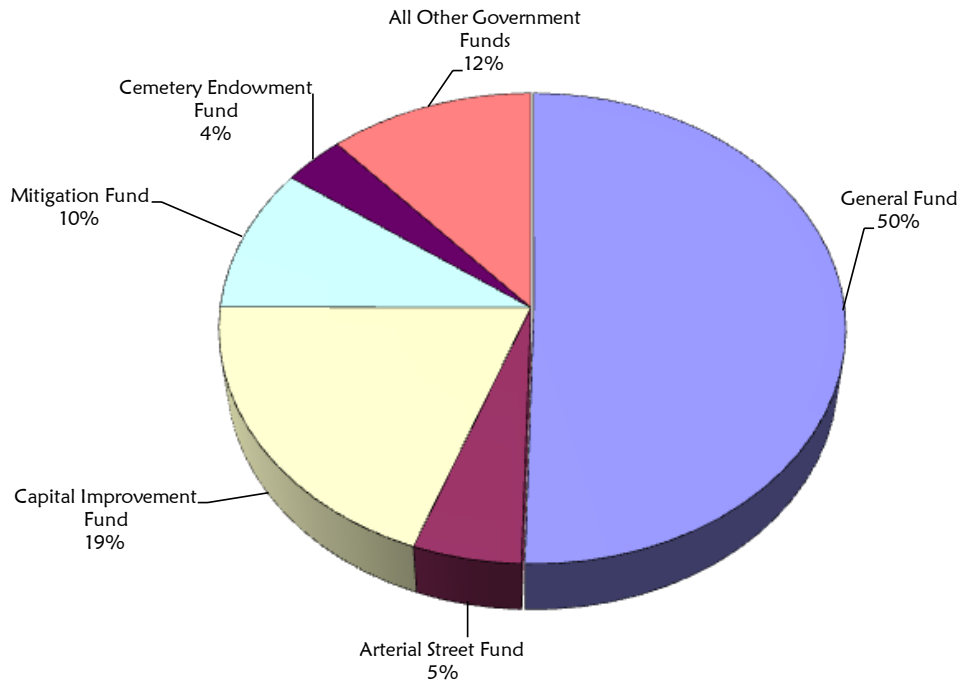
The general fund is the primary operating fund of the City. All receipts and payments of ordinary City operations are processed through it unless they are required to be accounted for in another fund. At the end of 2013, the general fund had a fund balance of \$23.6 million, \$5.9 million of which is assigned, and \$17.7 million is unassigned.

Other funds that had significant fund balances include:

- \$10.1 million in the capital improvement projects fund; used for various governmental capital asset projects.
- \$4.6 million in the mitigation fund; used to collect fees from new development to mitigate the cost of new roads and other infrastructure.
- \$1.6 million in the cemetery endowed care fund; used for maintenance of the cemetery.
- \$6.8 million in all other government funds; used primarily for local street improvements and local revitalization funding.

The following chart shows the relative fund balances for governmental funds:

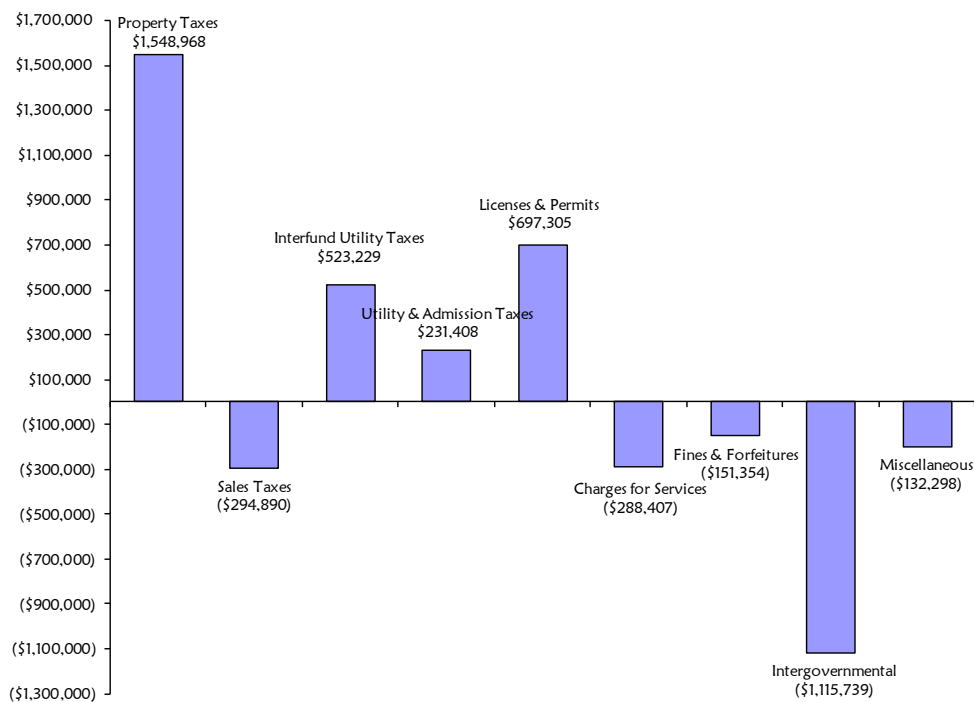
Governmental Funds – Fund Balances



The general fund balance of \$23.6 million decreased by \$57,384 from the prior year. Revenues increased with the gradual improvement in the local and regional economic conditions and expenses increased slightly over 2013, as the City continues its vigilance in monitoring general expenditure activity.

General fund revenue increased by \$952,840, sources of which are shown in the chart below. Property taxes increased \$1.5 million and sales taxes decreased \$295,000. Licenses and Permits increased by \$697,000 and Charges for Services decreased by \$288,000. Building permit and Plan Check activity increased as a result of several projects including the Auburn High School Modernization project, construction of several new buildings and businesses in the City including the HCSA regional hospital laundry facility, construction of the Franciscan Medical Pavilion, various projects at Boeing, the remodel of The Outlet Collection – Seattle, as well as numerous housing developments – most notably The Ridge at Bowman Creek, Lakeland East, Auburn 40 PUD and Kendall Ridge. Intergovernmental revenues decreased by \$1.1 million as a result of one-time federal grants and a decrease in liquor revenue distributions from the State of Washington. Fines and Forfeitures decreased by \$151,000, reflecting a decline in revenue collections from fines related to the Redflex red light traffic cameras.

2013 General Fund Revenue Increases – By Source



Financial Analysis of Proprietary Funds

The City’s proprietary funds provide the same type of information as found in the government-wide financial statements, but in greater detail. Factors affecting the finances of the City’s proprietary funds have already been addressed in the discussion of the City’s business-type activities.

General Fund Budgetary Highlights

The City budgets biennially by adopting two single-year budgets at the end of each even-numbered year and then making adjustments as necessary via budget amendments throughout the next two years. Major amendments to the 2012 biennially budget (for years 2012 & 2013) included:

- Budgeted General Fund expenditures increased from \$54.3 million to \$56.2 million. Significant changes include five new staff positions in the Police Department, ratification of labor agreements with the City's labor groups, and a transfer to the Cumulative Reserve Fund to replenish the fund balance as a result of past withdrawals.

Reasons for the variances in the general fund between the final budget and actual results include:

- Actual General Fund revenues totaled \$53.6 million and exceeded budget by \$2.1 million. Significant areas of variance include sales taxes, which exceeded budget by \$1.5 million reflecting improvement in the local economy, licenses and permits and charges for services, which exceeded budget by \$486,000 and \$244,000, respectively, reflecting increased activity from building permits and plan check fees; and utility taxes were below budget by \$251,000 reflecting decreased revenue from natural gas and telephone utility taxes.
- Actual General Fund expenditures totaled \$52.8 million and were under-budget by \$3.4 million. Departments experienced savings due to continued vigilance in monitoring city-wide expenditures. Significant areas of under-expenditure occurred within the Security of Person and Property, reflecting staff vacancies within the Police Department and within General Government reflecting savings within the non-departmental program.

Capital Asset and Debt Administration

Capital Assets

The City's investment in capital assets for both its governmental and business-type activities as of December 31, 2013 totaled \$592.6 million (net of accumulated depreciation), a decrease of \$2.1 million from 2012. This investment in capital assets includes land, buildings, improvements, machinery and equipment, construction in progress, utility transmission/distribution systems, roads, bridges, and other infrastructure.

Major capital asset changes during the year include:

- Developer contributions resulted in an increase of \$1.6 million in utility infrastructure assets and \$0.5 million in governmental infrastructure assets.
- \$8.6 million was spent by proprietary funds on construction projects during the year.
- Sale of government land resulted in a decrease of \$6.4 million
- Sale of Auburn Professional Plaza Suite #380 resulted in a decrease of \$1.0 million
- \$14.3 million was spent by governmental funds on construction projects during the year. Some of the larger projects in the governmental funds include:
 - \$5.9 million on M St SE Grade Separation
 - \$1.7 million on 2013 Local Street Pavement Reconstruction
 - \$1.1 million on 2013 Pavement Patching Chip seal

A summary of the City's capital assets follows:

Summary of Capital Assets (net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	As of 12/31/13	As of 12/31/12	As of 12/31/13	As of 12/31/12	As of 12/31/13	As of 12/31/12
Land	\$ 103,974,530	\$ 110,399,907	\$ 14,505,063	\$ 14,505,063	\$ 118,479,593	\$ 124,904,970
Building	45,933,740	47,118,785	6,218,212	6,520,898	52,151,952	53,639,683
Site improvements	7,207,075	5,849,425	170,249,102	169,895,574	177,456,177	175,744,999
Equipment	6,628,402	6,889,727	419,207	403,444	7,047,609	7,293,171
Intangibles	656,220	746,511	5,196,600	5,196,600	5,852,820	5,943,111
Infrastructure	210,343,717	186,775,205	-	-	210,343,717	186,775,205
Construction in progress	4,987,061	28,451,340	16,314,775	12,008,567	21,301,836	40,459,907
	<u>\$ 379,730,745</u>	<u>\$ 386,230,900</u>	<u>\$ 212,902,959</u>	<u>\$ 208,530,146</u>	<u>\$ 592,633,704</u>	<u>\$ 594,761,046</u>

More detailed information on capital assets is provided in Note 7.

Long-term Debt

At the end of the current fiscal year, the City had total bonded debt outstanding of \$92.1 million. Of this amount, \$25.9 million is due to other governments, \$33.4 million is general obligation bonds, and \$32.8 million is revenue bonds for the water, sewer and storm utilities. The City currently maintains a rating of Aa3 with Moody’s and a rating of AA+ with Standard & Poor’s for its general obligation debt.

The following schedule summarizes the City’s bonded debt:

Summary of Bonded Debt

	Governmental Activities	Business-type Activities	Total
General obligation bonds	\$ 28,660,000	\$ 4,700,000	\$ 33,360,000
Revenue bonds	-	32,820,000	32,820,000
Due to other governments	\$ 25,966,700	-	25,966,700
	<u>\$ 54,626,700</u>	<u>\$ 37,520,000</u>	<u>\$ 92,146,700</u>

Below is a summary of additional, non-bonded long-term debt of the City:

Other Long-Term Debt

Public Works Trust Fund loans	\$ 12,442,903
Employee leave benefits	2,544,234
Other Post Employment Benefits	4,968,040
	<u>\$ 19,955,177</u>

Washington State law limits the amount of general obligation debt a governmental entity may issue to 7.5% of its total assessed value. Of the 7.5% limit, 2.5% is for general purposes, 2.5% is for open spaces/parks, and 2.5% is for utilities. Non-voted (limited tax) general obligation indebtedness is limited to 1.5% of assessed valuation. The combination of unlimited tax and limited tax general obligation debt for all purposes cannot exceed 7.5% of assessed valuation.

Additional information can be found in note 9 and in the statistical section of this report.

Economic Factors

Over the past year, economic conditions have improved locally. Real estate activity and real property values have improved, retail sales showed a double digit growth for the first time in eight years, and the rate of unemployment in the County and City is at pre recessionary levels. While general economic conditions have improved over the past 18 months, the pace of growth is slowing and several areas at the Federal and State levels of government continue to cast a long shadow. These include long-term unemployed at the national level and Congressional action to extend long-term unemployment benefits; the ongoing disagreements within the United States Congress on finding a long-term solution to funding governmental services and its strategy of Continuing Appropriations Acts to authorize temporary funding solutions for governmental operations; and at the State level, long-term fiscal challenges remain as the State will need to address holes left by one-time budget fixes in the current budget and will need to fund another \$1 billion to meet basic education mandates. In 2012, State budget challenges resulted in reduced streamlined sales tax revenue distributions to cities and temporarily suspended its distributions of liquor excise taxes. Such actions may likely recur in the future as the State continues to grapple with its financial situation.

As a result of these challenges, the City remains cautious and as a result continues to vigilantly monitor and control its expenses. In the longer-term, the economic outlook for the City is positive. The City has seen significant private investments in the community, including completing sales of several blocks in downtown, which will serve as a catalyst for future redevelopment; modernization and reconstruction of Auburn High School; \$35 million in the remodel and rebranding of the regional mall, The Outlet Collection Seattle; and construction of several new buildings and businesses in the City including the HCSA regional hospital laundry facility, construction of the Franciscan Medical Pavilion, and new residential developments.

Recent significant development in the City includes:

- Issuance of 934 building permits compared to 923 for the year prior. This includes the projects listed above and many new residential developments around the City. As the pace of the economic recovery strengthens, the numbers of commercial and residential building permits and commercial transactions are expected to increase, particularly in the downtown area.
- Completion of the M Street SE Grade Separation project. This multi-million project represent a significant investment in the City's transportation infrastructure and will serve to help to improve local transportation mobility and vehicular and pedestrian safety.

In conclusion, the City continues to closely monitor its financial performance and will proactively adjust its current expenditure budget as needed in order to live within its means. While general economic conditions have improved, short-term challenges to the City's overall financial condition remain. These challenges include a slowing in the pace of economic growth and continued austerity measures at the State and Federal level, both of which may affect the amount of revenues that are available for local services. In the longer term, the City's financial performance is

expected to continue to improve as the combined effects of improved economic conditions and a series of community investments are expected to take hold.

Requests for Information

This financial report is designed to provide a general overview of the City of Auburn's finances for readers with an interest in the City's finances. Questions concerning this report, or requests for additional information, may be addressed to the Finance Director, City of Auburn, 25 West Main Street, Auburn WA 98001-4998.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The City presents two government-wide financial statements.

The Statement of Net Position

This statement provides information all on city assets and liabilities, with the difference between the two reported as net position.

The Statement of Activities

This statement is focused on both the gross and net cost of various functions, including both governmental and business-type activities, which are supported by the City's general tax and other revenues.



City of Auburn, Washington
STATEMENT OF NET POSITION
December 31, 2013

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS:			
Cash and Cash Equivalents (Note 3)	\$ 43,846,902	\$ 31,187,399	\$ 75,034,301
Investments (Note 3)	3,232,240	997,290	4,229,530
Receivables			
Taxes	413,882	-	413,882
Customer Accounts	104,285	5,711,968	5,816,253
Other Receivables	2,285,897	955	2,286,852
Special Assessments	496,189	-	496,189
Due From Other Governmental Units (Note 6)	2,480,145	370,154	2,850,299
Internal Balances	(555,473)	555,473	-
Materials and Supplies Inventory	201,118	168,968	370,086
Restricted Assets:			
Temporarily Restricted:			
Cash and Cash Equivalents (Note 3)	10,443,827	17,003,785	27,447,612
Due From Other Governmental Units (Note 6)	2,051,502	-	2,051,502
Permanently Restricted:			
Cash and Cash Equivalents (Note 3)	1,536,316	-	1,536,316
Prepays	984,319	-	984,319
Long-Term Contracts and Notes	505,029	825,900	1,330,929
Net Pension Asset (Note 10)	259,299	-	259,299
Investment in Joint Ventures (Note 15)	33,443,583	-	33,443,583
Depreciable Capital Assets (Net of Accumulated Depreciation) (Note 7)	270,769,154	176,886,521	447,655,675
Non-Depreciable Capital Assets (Note 7)	108,961,591	36,016,438	144,978,029
Total Assets	481,459,805	269,724,851	751,184,656
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred Outflow from Bond Refunding	27,929	49,856	77,785
Total Deferred Outflow of Resources	27,929	49,856	77,785
LIABILITIES:			
Accounts Payable	4,746,234	3,669,865	8,416,099
Other Liabilities Payable	357,313	-	357,313
Payable From Restricted Assets:			
Accrued Interest	-	1,695,394	1,695,394
Deposits	-	164,196	164,196
Unearned Revenue	1,429,611	921,080	2,350,691
Bonds and Other Debt Payable:			
Due Within One Year (Note 9)	2,616,159	3,099,413	5,715,572
Due in More Than One Year (Note 9)	32,761,623	44,885,087	77,646,710
Due to Other Governmental Units:			
Due Within One Year (Note 9)	828,900	-	828,900
Due in More Than One Year (Note 9)	25,137,800	-	25,137,800
Net OPEB Obligation (Note 11)	4,968,040	-	4,968,040
Total Liabilities	72,845,680	54,435,035	127,280,715
NET POSITION			
Net Investment in Capital Assets	346,195,793	165,619,867	511,815,660
Restricted:			
Capital Projects	12,517,220	10,453,443	22,970,663
Nonexpendable Permanent Endowment	1,536,316	-	1,536,316
Debt Service	45,788	5,973,355	6,019,143
Tourist Promotion	131,851	-	131,851
Drug Investigation and Enforcement	710,147	-	710,147
Community Development Block Grant Program	37,519	-	37,519
Central Business District Development	41,068	-	41,068
Rate Stabilization	-	412,791	412,791
Unrestricted	47,426,352	32,880,216	80,306,568
Total Net Position	\$ 408,642,054	\$ 215,339,672	\$ 623,981,726

The notes to the basic financial statements are an integral part of this statement.

City of Auburn, Washington
STATEMENT OF ACTIVITIES
 For the Year Ended December 31, 2013

	Program Revenues			
	Expenses	Charges for Services and Fines	Operating Grants and Contributions	Capital Grants and Contributions
FUNCTIONS / PROGRAMS:				
Primary Government				
Governmental Activities:				
General Government	\$ 7,508,112	\$ 893,326	\$ 63,943	\$ 374,018
Public Safety	27,423,015	2,103,823	883,773	13,339
Transportation	14,861,834	1,967,778	55,743	4,719,033
Physical Environment	2,699,301	398,564	-	304,173
Culture and Recreation	9,184,289	873,970	939,804	131,180
Economic Environment	2,346,025	3,586,844	23,989	38,419
Health and Human Resources	510,285	-	-	374,900
Interest on Long-Term Debt	3,795,024	-	-	-
	<u>68,327,885</u>	<u>9,824,305</u>	<u>1,967,252</u>	<u>5,955,062</u>
Business-Type Activities				
Water	11,893,094	11,695,351	-	1,005,667
Sanitary Sewer	21,584,215	21,711,948	-	3,255,766
Storm Drainage	7,726,467	8,184,303	-	1,033,128
Solid Waste	12,535,078	12,911,232	90,361	-
Golf Course	1,933,597	1,454,938	-	-
Nonmajor Business-Type Activities	1,857,252	1,575,963	-	188,783
	<u>57,529,703</u>	<u>57,533,735</u>	<u>90,361</u>	<u>5,483,344</u>
Total Primary Government	<u>\$ 125,857,588</u>	<u>\$ 67,358,040</u>	<u>\$ 2,057,613</u>	<u>\$ 11,438,406</u>

General Revenues:

Taxes:

- Property
- Retail Sales and Use
- Interfund Utility
- Utility
- Excise
- Other

Investment Earnings

Other Revenues

Loss on Sale of Capital Assets

Contributions to Endowment Funds

Transfers (Note 5)

Total General Revenues

Change in Net Position

Net Position, January 1, as Previously Reported

Change In Accounting Principle

Net Position, January 1, as Restated

Net Position, December 31

The notes to the basic financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets			
	Governmental Activities	Business-Type Activity	Total
\$	(6,176,825)	\$ -	\$ (6,176,825)
	(24,422,080)	-	(24,422,080)
	(8,119,280)	-	(8,119,280)
	(1,996,564)	-	(1,996,564)
	(7,239,335)	-	(7,239,335)
	1,303,227	-	1,303,227
	(135,385)	-	(135,385)
	(3,795,024)	-	(3,795,024)
	(50,581,266)	-	(50,581,266)
	-	807,924	807,924
	-	3,383,499	3,383,499
	-	1,490,964	1,490,964
	-	466,515	466,515
	-	(478,659)	(478,659)
	-	(92,506)	(92,506)
	-	5,577,737	5,577,737
	(50,581,266)	\$ 5,577,737	\$ (45,003,529)
\$	14,490,790	\$ -	\$ 14,490,790
	18,335,157	-	18,335,157
	3,892,250	-	3,892,250
	9,156,636	-	9,156,636
	2,555,850	-	2,555,850
	4,429,090	-	4,429,090
	121,687	68,400	190,087
	192,898	763,717	956,615
	(4,856,031)	-	(4,856,031)
	37,506	-	37,506
	(218,230)	218,230	-
	48,137,603	1,050,347	49,187,950
	(2,443,663)	6,628,084	4,184,421
	411,308,460	208,868,303	620,176,763
	(222,743)	(156,715)	(379,458)
	411,085,717	208,711,588	619,797,305
\$	408,642,054	\$ 215,339,672	\$ 623,981,726

MAJOR GOVERNMENTAL FUNDS

General Fund

The general fund accounts for all of the City's financial resources except those required by statute or generally accepted accounting principles to be accounted for in another fund. As is the case with most municipalities, the general fund is the largest and most important accounting entity of the City. As noted in the statements that follow, the general fund receives the bulk of its revenues from local taxes, followed by State shared revenues, service charges, and other income.

The general fund is accounted for on a modified accrual basis. Biennial budgets are adopted with appropriations lapsing at the end of each year of the biennium.

Arterial Street Fund

This fund is supported by the State of Washington's motor vehicle fuel tax and by various grants and is used for major street construction.

Capital Improvement Projects Fund

This fund accounts for major capital acquisitions, and streets and parks construction projects.

City of Auburn, Washington
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2013

	General Fund	Arterial Street	Capital Improvement	Other Governmental Funds	Total Governmental Funds
ASSETS:					
Cash and Cash Equivalents	\$ 20,514,377	\$ 1,431,709	\$ 9,102,654	\$ 10,871,449	\$ 41,920,189
Investments (Note 3)	2,231,310	-	-	1,000,930	3,232,240
Receivables:					
Taxes	413,882	-	-	-	413,882
Customer Accounts	3,372	2,000	-	-	5,372
Other Receivables	1,954,960	-	-	328,243	2,283,203
Special Assessments	-	-	-	496,189	496,189
Long-Term Notes and Contracts	-	-	505,029	-	505,029
Due From Other Governmental Units (Note 6)	2,477,092	1,933,934	21,317	96,251	4,528,594
Prepays	127	-	-	-	127
Total Assets	<u>27,595,120</u>	<u>3,367,643</u>	<u>9,629,000</u>	<u>12,793,062</u>	<u>53,384,825</u>
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Current Payables	2,534,307	503,328	21,044	596,318	3,654,997
Customer Deposits	193,873	-	-	-	193,873
Other Liabilities Payable	84	-	-	-	84
Unearned Revenue	1,222,340	428,393	505,029	496,189	2,651,951
Total Liabilities	<u>3,950,604</u>	<u>931,721</u>	<u>526,073</u>	<u>1,092,507</u>	<u>6,500,905</u>
Fund Balances: (Note 1)					
Nonspendable	127	-	-	-	127
Nonspendable Permanent Endowment	-	-	-	1,536,316	1,536,316
Restricted	-	2,435,922	4,951,862	6,095,809	13,483,593
Committed	-	-	-	3,242,662	3,242,662
Assigned	5,892,611	-	4,151,065	825,768	10,869,444
Unassigned	17,751,778	-	-	-	17,751,778
Total Fund Balances:	<u>23,644,516</u>	<u>2,435,922</u>	<u>9,102,927</u>	<u>11,700,555</u>	<u>46,883,920</u>
Total Liabilities and Fund Balances	<u>\$ 27,595,120</u>	<u>\$ 3,367,643</u>	<u>\$ 9,629,000</u>	<u>\$ 12,793,062</u>	<u>\$ 53,384,825</u>
Total governmental fund balances as reported on this statement					\$ 46,883,920
Amounts reported for governmental activities in the statement of net position are different because:					
Capital assets used in governmental activities are not financial resources and therefore not reported in the funds.					373,605,463
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.					
Prepays				984,192	
Interest receivable on investments				2,694	
Unearned revenue beyond the city's 30-day measurable and available period				1,222,340	
Net pension asset				<u>259,299</u>	
					2,468,525
Deferred Outflows are not available to pay for current-period expenditures and therefore are deferred in the funds.					
Deferred Outflow from Bond Refunding					27,929
Internal service funds are used by management to charge the cost of certain activities, such as insurance, fleet maintenance and information technology, to individual funds. The assets and liabilities of these internal service funds are included in governmental activities in the statement of net position.					
					18,517,251
Certain Joint Ventures activities do not use or provide current financial resources but increase net position.					
					7,476,883
Some liabilities are not due and payable in the current period and therefore are not reported in the funds.					
Bonds and loans payable				(33,380,584)	
Financing debt service interest and other cost for bond issue				(154,372)	
Interest payable				(160,856)	
Net other postemployment obligations				(4,968,040)	
Compensated absences payable				<u>(1,674,065)</u>	
					(40,337,917)
Net position of government activities as reported on the statement of net position					<u>\$ 408,642,054</u>

The notes to the basic financial statements are an integral part of this statement.

City of Auburn, Washington
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2013

	General Fund	Arterial Street	Capital Improvement	Other Governmental Funds	Total Governmental Funds
REVENUES :					
Taxes :					
Property	\$ 14,415,456	\$ -	\$ -	\$ 120,217	\$ 14,535,673
Retail Sales & Use	16,115,145	-	-	2,220,012	18,335,157
Interfund Utility	3,336,214	-	-	556,036	3,892,250
Utility	7,709,443	-	-	1,447,193	9,156,636
Excise	239,371	-	2,225,898	90,581	2,555,850
Other	-	-	-	69,475	69,475
Licenses and Permits	3,041,948	-	-	-	3,041,948
Intergovernmental	4,716,290	5,173,669	-	1,965,025	11,854,984
Charges for Services	2,144,329	-	-	1,747,447	3,891,776
Fines and Forfeitures	1,441,603	-	-	-	1,441,603
Special Assessments	-	-	-	40,772	40,772
Investment Earnings	54,299	1,779	37,358	50,715	144,151
Miscellaneous	406,061	17,968	76,540	121,104	621,673
Total Revenues	<u>53,620,159</u>	<u>5,193,416</u>	<u>2,339,796</u>	<u>8,428,577</u>	<u>69,581,948</u>
EXPENDITURES :					
Current:					
General Government	7,300,667	-	-	-	7,300,667
Security of Persons and Property	26,856,249	-	-	290,341	27,146,590
Physical Environment	2,855,908	-	-	-	2,855,908
Transportation	2,958,952	8,012,382	-	4,148,196	15,119,530
Economic Environment	2,145,122	-	-	547,267	2,692,389
Health and Human Services	631,997	-	-	-	631,997
Culture and Recreation	7,924,531	-	-	794	7,925,325
Debt Service:					
Principal	1,185,838	90,803	-	961,540	2,238,181
Interest and Other Costs	1,029,945	6,561	-	1,673,262	2,709,768
Capital Outlay	195,673	-	1,085,969	1,464,957	2,746,599
Total Expenditures	<u>53,084,882</u>	<u>8,109,746</u>	<u>1,085,969</u>	<u>9,086,357</u>	<u>71,366,954</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>535,277</u>	<u>(2,916,330)</u>	<u>1,253,827</u>	<u>(657,780)</u>	<u>(1,785,006)</u>
OTHER FINANCING SOURCES (USES):					
Sales of Capital Assets	-	-	2,593,405	-	2,593,405
Insurance Recoveries	192,898	-	-	-	192,898
Issuance of Debt	-	3,044,491	-	-	3,044,491
Transfers In (Note 5)	2,193,548	164,048	84,658	2,333,846	4,776,100
Transfers Out (Note 5)	(2,979,107)	-	(1,241,438)	(230,380)	(4,450,925)
Total Other Financing Sources and Uses	<u>(592,661)</u>	<u>3,208,539</u>	<u>1,436,625</u>	<u>2,103,466</u>	<u>6,155,969</u>
Net Change in Fund Balances	<u>(57,384)</u>	<u>292,209</u>	<u>2,690,452</u>	<u>1,445,686</u>	<u>4,370,963</u>
Fund Balances - Beginning	23,701,900	2,143,713	6,412,475	10,254,869	42,512,957
Fund Balances - Ending	<u>\$ 23,644,516</u>	<u>\$ 2,435,922</u>	<u>\$ 9,102,927</u>	<u>\$ 11,700,555</u>	<u>\$ 46,883,920</u>

The notes to the basic financial statements are an integral part of this statement.

City of Auburn, Washington
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCES OF GOVERNMENT FUNDS TO THE STATEMENT OF ACTIVITIES**
 For the Year Ended December 31, 2013

Net change in fund balances per the Statement of Revenues, Expenditures and Changes in Fund Balance		\$ 4,370,963
Amount reported as change in net position in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay (\$14,556,227) exceeded depreciation (\$13,990,186) in the current period.		566,041
Certain Capital and Joint Venture activities do not use or provide current financial resources but increase net position.		1,324,447
Governmental funds report sales of assets as other financing sources while the Statement of Activities reports only the gain or loss on sale of capital assets.		(7,438,578)
Debt proceeds are reported as financing sources in governmental fund and thus contribute to the change in fund balances. In the government-wide statements, however, issuing debt increases long-term liabilities in the statement of net assets and does not affect the statement of activities.		(3,044,491)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:		
Unearned revenue	717,863	
Amortization of bond premium	32,283	
Investment interest receivable	2,694	
		752,840
Developer contributions and annexation of infrastructure assets are reported as revenue in the statement of activities, but do not provide current financial resources and are not reported as fund revenue.		507,725
Repayment of the principal of long-term debt consumes the current financial resources of governmental funds but has no effect on the net position.		1,059,530
Internal service funds are used by management to charge the costs of certain activities, such as insurance and fleet maintenance, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.		409,488
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Amortization of prepaids	(109,355)	
Change in accrued interest payable	(2,506)	
Change in net pension obligation or asset	(30,698)	
Change in net other postemployment benefits	(899,601)	
Change in compensated absences payable	90,532	
		(951,628)
Change in net position on the Statement of Activities		\$ (2,443,663)

The notes to the basic financial statements are an integral part of this statement.

City of Auburn, Was hington
STATEMENT OF REVENUES , EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended December 31, 2013

	Budget Amounts		Actual Res ults	Variance with Final Budget Pos itive (Negative)
	Original (GAAP Bas is)	Final Adopted (GAAP Bas is)		
REVENUES :				
Taxes:				
Property	\$ 14,299,417	\$ 14,299,417	\$ 14,415,456	\$ 116,039
Retail Sales & Use	14,205,030	14,619,470	16,115,145	1,495,675
Interfund Utility	2,991,933	2,991,933	3,336,214	344,281
Utility	7,960,087	7,960,087	7,709,443	(250,644)
Excise	298,466	298,466	239,371	(59,095)
Licenses and Permits	1,838,484	2,556,384	3,041,948	485,564
Intergovernmental	4,751,784	4,831,660	4,716,290	(115,370)
Charges for Services	1,970,947	1,899,942	2,144,329	244,387
Fines and Forfeitures	1,556,500	1,556,500	1,441,603	(114,897)
Investment Earnings	64,900	64,900	46,788	(18,112)
Miscellaneous	415,200	426,200	406,061	(20,139)
Total Revenues	<u>50,352,748</u>	<u>51,504,959</u>	<u>53,612,648</u>	<u>2,107,689</u>
EXPENDITURES :				
Current:				
General Government	8,523,903	8,284,609	7,300,667	983,942
Security of Persons and Property	27,394,704	28,138,539	26,856,249	1,282,290
Physical Environment	2,493,468	3,071,531	2,855,908	215,623
Transportation	3,303,864	3,313,353	2,958,952	354,401
Economic Environment	2,574,945	2,523,806	2,145,122	378,684
Health and Human Services	738,759	796,804	631,997	164,807
Culture and Recreation	7,640,695	7,931,512	7,924,531	6,981
Debt Service	1,641,951	2,012,224	2,010,903	1,321
Capital Outlay	5,000	162,221	195,673	(33,452)
Total Expenditures	<u>54,317,289</u>	<u>56,234,599</u>	<u>52,880,002</u>	<u>3,354,597</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,964,541)</u>	<u>(4,729,640)</u>	<u>732,646</u>	<u>5,462,286</u>
OTHER FINANCING SOURCES (USES):				
Insurance Recoveries	25,000	87,322	192,898	105,576
Transfers In (Note 5)	193,000	267,000	193,548	(73,452)
Transfers Out (Note 5)	(51,250)	(2,051,250)	(2,051,646)	(396)
Total Other Financing Sources and Uses	<u>166,750</u>	<u>(1,696,928)</u>	<u>(1,665,200)</u>	<u>31,728</u>
Net Change in Fund Balances	<u>(3,797,791)</u>	<u>(6,426,568)</u>	<u>(932,554)</u>	<u>5,494,014</u>
Fund Balances - Beginning	<u>12,108,801</u>	<u>16,348,942</u>	<u>16,348,942</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 8,311,010</u>	<u>\$ 9,922,374</u>	<u>\$ 15,416,388</u>	<u>\$ 5,494,014</u>

**RECONCILIATION OF PERS PECTIVE DIFFERENCE BETWEEN BUDGETARY INFORMATION AND
GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP):**

The Cumulative Reserve Fund is combined with
the General Fund for purposes of GAS B S statement 54

8,228,128

Fund Balance - Ending (GAAP)

\$ 23,644,516

The notes to the basic financial statements are an integral part of this statement.

City of Auburn, Washington
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
ARTERIAL STREET FUND
For the Year Ended December 31, 2013

	Budget Amounts		Actual Results	Variance with Final Budget Positive (Negative)
	Original (GAAP Basis)	Final Adopted (GAAP Basis)		
REVENUES:				
Taxes:				
Intergovernmental	\$ 10,681,915	\$ 9,846,086	\$ 5,173,669	\$ (4,672,417)
Investment Earnings	2,500	2,500	1,779	(721)
Miscellaneous	-	36,485	17,968	(18,517)
Total Revenues	<u>10,684,415</u>	<u>9,885,071</u>	<u>5,193,416</u>	<u>(4,691,655)</u>
EXPENDITURES:				
Current:				
Transportation	920,664	920,664	8,012,382	(7,091,718)
Principal	113,983	113,983	90,803	23,180
Interest and Other Costs	11,471	11,471	6,561	4,910
Capital Outlay	12,518,106	14,302,273	-	14,302,273
Total Expenditures	<u>13,564,224</u>	<u>15,348,391</u>	<u>8,109,746</u>	<u>7,238,645</u>
Excess (Deficiency) of Revenues Over (Under Expenditures)	<u>(2,879,809)</u>	<u>(5,463,320)</u>	<u>(2,916,330)</u>	<u>2,546,990</u>
OTHER FINANCING SOURCES (USES):				
Issuance of Debt	1,800,115	3,336,170	3,044,491	(291,679)
Transfers In (Note 5)	635,540	906,500	164,048	(742,452)
Total Other Financing Sources and Uses	<u>2,435,655</u>	<u>4,242,670</u>	<u>3,208,539</u>	<u>(1,034,131)</u>
Net Change in Fund Balances	<u>(444,154)</u>	<u>(1,220,650)</u>	<u>292,209</u>	<u>1,512,859</u>
Fund Balances - Beginning	1,300,518	2,143,713	2,143,713	-
Fund Balances - Ending	<u>\$ 856,364</u>	<u>\$ 923,063</u>	<u>\$ 2,435,922</u>	<u>\$ 1,512,859</u>

The notes to the basic financial statements are an integral part of this statement.



MAJOR PROPRIETARY FUNDS

ENTERPRISE FUNDS

The City's enterprise funds are used to account for operations that are financed and operated in a manner similar to private business operations. The goods and services these funds provide to the general public are primarily financed by service charges. Enterprise funds are self-supporting and use the accrual method of accounting. Auburn has five major enterprise funds.

The Water Fund

This fund accounts for all maintenance, construction, and debt service requirements associated with the water system.

The Sanitary Sewer Fund

This fund accounts for maintenance, construction, and debt requirements for Auburn's sanitary sewer system.

The Storm Drainage Fund

This fund accounts for the maintenance, construction and debt service requirements of Auburn's storm drainage system.

The Solid Waste Fund

Garbage collection services for the City are accounted for in this fund, supported almost entirely by garbage collection fees. Expenses include payment to the City's garbage contractor and other service charges.

The Golf Course Fund

Accounts for services, maintenance, and operations associated with the Auburn Municipal Golf Course.

City of Auburn, Washington
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
 December 31, 2013

	Enterprise Funds						Governmental Activities	
	Water	Sanitary Sewer	Storm Drainage	Solid Waste	Golf Course	Non-Major Enterprise Funds	Total Enterprise Funds	Internal Service Funds
ASSETS:								
Current Assets								
Cash and Cash Equivalents	\$ 6,933,381	\$ 12,778,843	\$ 8,894,035	\$ 1,170,906	\$ 206,952	\$ 1,203,282	\$ 31,187,399	\$ 13,906,856
Investments	-	-	997,290	-	-	-	997,290	-
Restricted Cash:								
Bond Payments	1,773,039	447,210	829,406	-	-	-	3,049,655	-
Customer Deposits	16,337	95,451	-	-	-	52,409	164,197	-
Other	7,546,533	516,972	5,726,428	-	-	-	13,789,933	-
Customer Accounts	999,061	2,375,137	931,782	1,402,027	3,961	-	5,711,968	98,913
Other Receivables	-	-	955	-	-	-	955	-
Due From Other Governmental Units	-	-	222,677	62,626	-	84,851	370,154	3,053
Inventories	141,028	7,009	7,566	-	-	13,365	168,968	201,114
Total Current Assets	17,409,379	16,220,622	17,610,139	2,635,559	210,913	1,353,907	55,440,519	14,209,936
Noncurrent Assets								
Long-Term Contracts and Notes	-	825,900	-	-	-	-	825,900	-
Capital Assets:								
Land	897,971	1,695,023	5,686,254	-	2,229,636	3,996,179	14,505,063	-
Water Rights	5,196,600	-	-	-	-	-	5,196,600	-
Buildings and Equipment	2,463,741	1,235,992	219,214	496,617	6,620,690	3,665,664	14,701,918	17,942,480
Improvements Other Than Buildings	101,191,935	88,561,822	56,162,320	-	3,023,053	9,751,600	258,690,730	117,158
Construction in Progress	10,812,019	2,372,710	2,922,064	-	-	207,982	16,314,775	-
Less: Accumulated Depreciation	(42,909,512)	(23,198,636)	(19,321,900)	(374,292)	(3,531,251)	(7,170,536)	(96,506,127)	(11,934,352)
Total Capital Assets (Net of A/D)	77,652,754	70,666,911	45,667,952	122,325	8,342,128	10,450,889	212,902,959	6,125,286
Total Noncurrent Assets	77,652,754	71,492,811	45,667,952	122,325	8,342,128	10,450,889	213,728,859	6,125,286
Total Assets	95,062,133	87,713,433	63,278,091	2,757,884	8,553,041	11,804,796	269,169,378	20,335,222
DEFERRED OUTFLOW OF RESOURCES:								
Deferred Outflow from Bond Refunding	-	-	-	-	-	49,856	49,856	-
LIABILITIES:								
Current Liabilities:								
Current Payables	1,078,499	627,749	657,995	1,130,998	61,344	113,280	3,669,865	1,091,237
Customer Deposits	-	-	-	-	-	-	-	2,500
Loans Payable - Current	515,855	288,262	-	-	-	-	804,117	-
Employee Leave Benefits - Current	180,068	108,988	168,396	22,061	45,025	15,758	540,296	129,997
Revenue Bonds Payable - Current	839,969	144,845	405,186	-	-	-	1,390,000	-
General Obligation Bonds Payable - Current	-	-	-	-	240,000	125,000	365,000	-
Payable From Restricted Assets:	-	-	-	-	-	-	-	-
Accrued Interest	959,978	311,195	424,221	-	-	-	1,695,394	-
Deposits	16,337	95,450	-	-	-	52,409	164,196	-
Total Current Liabilities	3,590,706	1,576,489	1,655,798	1,153,059	346,369	306,447	8,628,868	1,223,734
Noncurrent Liabilities								
Unearned Revenue	42,200	162,203	597,204	-	119,473	-	921,080	-
Employee Leave Benefits	53,695	32,500	50,214	6,578	13,426	4,699	161,112	38,764
Loans Payable	4,155,517	3,243,456	-	-	-	-	7,398,973	-
Revenue Bonds Payable	18,564,040	5,050,589	9,287,940	-	-	-	32,902,569	-
General Obligation Bonds Payable	-	-	-	-	3,086,675	1,335,758	4,422,433	-
Total Noncurrent Liabilities	22,815,452	8,488,748	9,935,358	6,578	3,219,574	1,340,457	45,806,167	38,764
Total Liabilities	26,406,158	10,065,237	11,591,156	1,159,637	3,565,943	1,646,904	54,435,035	1,262,498
NET POSITION:								
Invested in Capital Assets, Net of Related Debt	53,577,373	61,939,759	35,974,826	122,325	5,015,453	8,990,131	165,619,867	6,125,286
Restricted for:								
Debt Service	3,403,353	964,182	1,605,820	-	-	-	5,973,355	-
Capital Projects	5,916,219	-	4,537,224	-	-	-	10,453,443	-
Rate Stabilization	-	-	412,791	-	-	-	412,791	-
Unrestricted	5,759,030	14,744,255	9,156,274	1,475,922	(28,355)	1,217,617	32,324,743	12,947,438
Total Net Position	\$ 68,655,975	\$ 77,648,196	\$ 51,686,935	\$ 1,598,247	\$ 4,987,098	\$ 10,207,748	\$ 214,784,199	\$ 19,072,724

Adjustment to reflect the consolidation of internal service funds related to enterprise funds
 Net assets of business-type activities 555,473
\$ 215,339,672

The notes to the basic financial statements are an integral part of this statement.

City of Auburn, Washington
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
 For the Year Ended December 31, 2013

	Enterprise Funds						Governmental Activities	
	Water	Sanitary Sewer	Storm Drainage	Solid Waste	Golf Course	Non-Major Enterprise Funds	Total Enterprise Funds	Internal Service Funds
OPERATING REVENUES:								
Charges of Services	\$ 11,695,351	\$ 21,711,948	\$ 8,184,303	\$ 12,911,232	\$ 1,184,540	\$ 969,507	\$ 56,656,881	\$ 11,325,483
Other Operating Revenue	-	-	-	-	270,398	606,456	876,854	224,850
Total Operating Revenue	<u>11,695,351</u>	<u>21,711,948</u>	<u>8,184,303</u>	<u>12,911,232</u>	<u>1,454,938</u>	<u>1,575,963</u>	<u>57,533,735</u>	<u>11,550,333</u>
OPERATING EXPENSES:								
Operations & Maintenance	4,572,464	16,005,927	2,113,050	10,849,639	1,178,640	609,902	35,329,622	7,955,452
Administration	2,951,254	2,139,329	2,919,570	732,547	230,594	701,532	9,674,826	1,095,547
Depreciation / Amortization	2,289,288	1,886,057	1,529,701	18,819	304,519	460,788	6,489,172	1,164,365
Other Operating Expenses	1,371,582	1,940,915	759,178	934,073	58,739	12,390	5,076,877	-
Total Operating Expenses	<u>11,184,588</u>	<u>21,972,228</u>	<u>7,321,499</u>	<u>12,535,078</u>	<u>1,772,492</u>	<u>1,784,612</u>	<u>56,570,497</u>	<u>10,215,364</u>
Operating Income (Loss)	<u>510,763</u>	<u>(260,280)</u>	<u>862,804</u>	<u>376,154</u>	<u>(317,554)</u>	<u>(208,649)</u>	<u>963,238</u>	<u>1,334,969</u>
NON-OPERATING REVENUE (EXPENSE):								
Interest Revenue	23,019	20,442	20,944	1,348	702	1,945	68,400	18,973
Other Non-Operating Revenue	214,324	180,381	356,010	92,303	-	11,060	854,078	256,178
Gain (Loss) on Sale of Capital Assets	-	-	-	-	-	-	-	(10,858)
Interest Expense	(635,239)	(253,574)	(351,913)	-	(161,105)	(72,640)	(1,474,471)	-
Other Non-Operating Expenses	(73,267)	(4,782)	(53,055)	-	-	-	(131,104)	-
Total Non-Operating Revenue (Expense)	<u>(471,163)</u>	<u>(57,533)</u>	<u>(28,014)</u>	<u>93,651</u>	<u>(160,403)</u>	<u>(59,635)</u>	<u>(683,097)</u>	<u>264,293</u>
Income (Loss) Before Contributions & Transfers	<u>39,600</u>	<u>(317,813)</u>	<u>834,790</u>	<u>469,805</u>	<u>(477,957)</u>	<u>(268,284)</u>	<u>280,141</u>	<u>1,599,262</u>
Capital Contribution	1,005,667	3,255,766	1,033,128	-	-	188,783	5,483,344	-
Transfers In (Note 5)	-	-	-	-	442,230	-	442,230	200,280
Transfers Out (Note 5)	(50,000)	(50,000)	(124,000)	-	-	-	(224,000)	(743,685)
Change in Net Position	<u>995,267</u>	<u>2,887,953</u>	<u>1,743,918</u>	<u>469,805</u>	<u>(35,727)</u>	<u>(79,501)</u>	<u>5,981,715</u>	<u>1,055,857</u>
Net Position, January 1, as Previously Reported	67,719,033	74,779,493	49,964,488	1,128,442	5,056,377	10,311,366	208,959,199	18,016,867
Change in Accounting Principle	(58,325)	(19,250)	(21,471)	-	(33,552)	(24,117)	(156,715)	-
Net Position, January 1, as Restated	<u>67,660,708</u>	<u>74,760,243</u>	<u>49,943,017</u>	<u>1,128,442</u>	<u>5,022,825</u>	<u>10,287,249</u>	<u>208,802,484</u>	<u>18,016,867</u>
Net Position, December 31	<u>\$ 68,655,975</u>	<u>\$ 77,648,196</u>	<u>\$ 51,686,935</u>	<u>\$ 1,598,247</u>	<u>\$ 4,987,098</u>	<u>\$ 10,207,748</u>	<u>\$ 214,784,199</u>	<u>\$ 19,072,724</u>
							5,825,000	
							Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	646,369
							Change in net position of business-type activities	<u>\$ 6,471,369</u>

The notes to the basic financial statements are an integral part of this statement.

City of Auburn, Washington
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
 For the Fiscal Year Ended December 31, 2013

Page 1 of 2

	Water	Sanitary Sewer	Storm Drainage	Solid Waste	Golf Course	Non Major Enterprise Funds	Total	Government Activities Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:								
Cash Received from Users	\$ 11,619,718	\$ 21,449,231	8,176,520	\$ 12,876,792	\$ 1,460,191	\$ 1,580,252	\$ 57,162,704	\$ 11,502,608
Cash Paid to Suppliers for Goods & Services	(3,904,962)	(15,747,307)	(1,845,053)	(10,904,047)	(528,569)	(673,712)	(33,603,650)	(5,246,537)
Cash Paid for Taxes	(1,291,295)	(1,940,925)	(759,178)	(934,074)	(58,739)	(12,390)	(4,996,601)	(3,400)
Cash Paid to Employees	(3,353,149)	(2,184,388)	(2,908,766)	(571,419)	(875,165)	(606,388)	(10,499,274)	(3,524,568)
Other Cash Received	-	-	-	-	20,206	-	20,206	-
Other Non-Operating Revenue	58,737	110,819	5,363	-	-	5,571	180,490	734
Other Cash Paid	-	-	(222,677)	(976)	-	-	(223,653)	-
Net Cash Provided (Used) by Operating Activities	3,129,049	1,687,430	2,446,209	466,276	17,924	293,333	8,040,221	2,728,837
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:								
Interfund Loan Payable	-	-	-	-	(350,000)	-	(350,000)	-
Operating Grant Received	-	69,562	705,853	83,945	-	4,812	864,172	217,121
Transfers In	-	-	-	-	442,230	-	442,230	200,280
Transfers Out	(50,000)	(50,000)	(124,000)	-	-	-	(224,000)	(743,685)
Net Cash Provided (Used) by Noncapital Financing Activities	(50,000)	19,562	581,853	83,945	92,230	4,812	732,402	(326,284)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:								
Proceeds from Sale of Equipment	-	-	-	-	-	-	-	23,801
Purchase of Capital Assets	(6,157,370)	(799,006)	(2,064,882)	-	-	(200,222)	(9,221,480)	(1,063,684)
Contributed Capital	599,728	2,393,479	660,846	-	-	188,783	3,842,836	-
Capital Grants	-	-	292,447	-	-	(45,936)	246,511	-
Proceeds from Other Governments	155,587	112,500	58,200	-	-	-	326,287	-
Proceeds from Insurance Settlement	-	-	-	-	-	-	-	38,323
Principal Payment on Debt	(1,315,702)	(429,424)	(198,705)	-	(225,000)	(115,000)	(2,283,831)	-
Interest Payment on Debt	(495,295)	(265,269)	(426,157)	-	(165,867)	(68,543)	(1,421,131)	-
Debt Proceeds	8,755,680	-	5,235,686	-	-	-	13,991,366	-
Net Cash Provided (Used) for Capital and Related Financing Activities	1,542,628	1,012,280	3,557,435	-	(390,867)	(240,918)	5,480,558	(1,001,560)
CASH FLOW FROM INVESTING ACTIVITIES:								
Purchase of Investments	-	-	(1,000,000)	-	-	-	(1,000,000)	-
Interest Received	27,803	20,442	22,699	1,348	702	2,623	75,617	18,973
Net Cash Provided (Used) in Investing Activities	27,803	20,442	(977,301)	1,348	702	2,623	(924,383)	18,973
Net Increase (Decrease) in Cash and Cash Equivalents	4,649,480	2,739,714	5,608,197	551,569	(280,011)	59,850	13,328,799	1,419,966
Cash and Cash Equivalents - Beginning of Year	11,619,810	11,103,544	9,841,673	619,337	486,963	1,195,841	34,867,168	12,486,890
Cash and Cash Equivalents - End of Year	\$ 16,269,290	\$ 13,843,258	15,449,870	\$ 1,170,906	\$ 206,952	\$ 1,255,691	\$ 48,195,967	\$ 13,906,856
CASH AT END OF YEAR CONSISTS OF:								
Cash and Cash Equivalents	6,933,381	12,778,843	8,894,035	1,170,906	206,952	1,203,282	31,187,399	13,906,856
Restricted Cash - Bond Payments	1,773,039	447,210	829,406	-	-	-	3,049,655	-
Restricted Cash - Customer Deposits	16,337	95,451	-	-	-	52,409	164,197	-
Restricted Cash - Other	7,546,533	516,972	5,726,428	-	-	-	13,789,933	-
Total Cash	\$ 16,269,290	\$ 13,838,476	15,449,869	\$ 1,170,906	\$ 206,952	\$ 1,255,691	\$ 48,191,184	\$ 13,906,856

The notes to the basic financial statements are an integral part of this statement.

City of Auburn, Washington
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
 For the Fiscal Year Ended December 31, 2013

	Water	Sanitary Sewer	Storm Drainage	Solid Waste	Golf Course	Non Major Enterprise Funds	Total	Government Activities Internal Service Funds
RECONCILIATION OF NET OPERATING INCOME TO NEW CASH PROVIDED BY OPERATING ACTIVITIES								
Operating Income (Loss)	\$ 510,763	\$ (260,280)	862,804	\$ 376,154	\$ (317,554)	\$ (208,649)	\$ 963,238	\$ 1,334,969
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:								
Depreciation	2,289,288	1,886,057	1,529,701	18,819	304,519	460,788	6,489,172	1,164,365
Asset (Increases) Decreases:								
Accounts Receivable	(77,224)	(155,956)	(7,783)	(34,440)	5,253	-	(270,150)	(47,000)
Miscellaneous A/R Revenue	58,737	-	(217,315)	-	-	5,571	(153,007)	734
Inventory	6,490	(529)	(2,033)	-	-	719	4,647	(47,907)
Liability Increases (Decreases):								
Accounts & Vouchers Payable	306,536	196,771	248,905	110,183	5,261	32,200	899,856	335,965
Deposits Payable	1,591	4,059	-	-	-	4,289	9,939	(725)
Wages & Benefits Payable	13,245	7,615	15,264	(1,889)	957	(3,628)	31,564	7,023
Compensated Absences Payable	19,623	9,693	16,666	(2,551)	(718)	2,043	44,756	(18,587)
Unearned Revenue	-	-	-	-	20,206	-	20,206	-
Total Adjustments	<u>2,618,286</u>	<u>1,947,710</u>	<u>1,583,405</u>	<u>90,122</u>	<u>335,478</u>	<u>501,982</u>	<u>7,076,983</u>	<u>1,393,868</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 3,129,049</u>	<u>\$ 1,687,430</u>	<u>2,446,209</u>	<u>\$ 466,276</u>	<u>\$ 17,924</u>	<u>\$ 293,333</u>	<u>\$ 8,040,221</u>	<u>\$ 2,728,837</u>
SCHEDULE OF NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES								
Capital Assets Acquired by Contributed Capital	405,939	862,287	372,282	-	-	-	1,640,508	-
Increase (Decrease) in Fair Value of Investment	-	-	2,710	-	-	-	2,710	-
Total Non Cash Investing, Capital and Financing Activities	<u>\$ 405,939</u>	<u>\$ 862,287</u>	<u>374,992</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,643,218</u>	<u>\$ -</u>

The notes to the basic financial statements are an integral part of this statement.



FIDUCIARY FUNDS

Fiduciary funds are used to account for assets held by the City of Auburn as a trustee or agent for various individuals, private organizations, and other governmental units. The Fire Relief and Pension Fund is accounted for on an accrual basis. The agency fund is custodial in nature; therefore, no annual budget is adopted.

TRUST FUNDS

The Fire Relief and Pension Fund

This fund accounts for the payment of administrative costs and benefits for retired firefighters (and beneficiaries) who were employed prior to March 1, 1970. Primary revenue sources are general property tax allocations, fire insurance premium tax, and investment interest, in accordance with actuarial recommendations.

AGENCY FUNDS

The Agency Fund

This fund accounts for the funds over which the City is strictly a short-term custodian.

City of Auburn, Was hington
STATEMENT OF FIDUCIARY NET POS ITION
FIDUCIARY FUNDS
 December 31, 2013

	Fire Relief Pens ion Trus t Fund	Agency Fund
ASSETS :		
Cas h and Cas h Equivalents	\$ 2,372,243	\$ 1,118,339
Inves tments - U.S . Government S ecurities	81,047	-
Receivables :		
Cus tomer Accounts	-	4,758
Interes t	659	-
Due from Other Governmental Units	-	30,000
Total As s ets	<u>2,453,949</u>	<u>1,153,097</u>
LIABILITIES :		
Current Payables	6,959	373,016
Due to Other Governmental Units	-	780,081
Total Liabilities	<u>6,959</u>	<u>1,153,097</u>
NET POS ITION		
Held in Trus t for Pens ion Benefits and Other Purpos es	<u>\$ 2,446,990</u>	<u>\$ -</u>

The notes to the financial s tatements are an integral part of this s tatement.

City of Auburn, Washington
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the Year Ended December 31, 2013

	Fire Relief Pension Trust fund
<hr/>	
ADDITIONS :	
Fire Insurance Premiums - Intergovernmental Revenue	\$ 70,035
Investment Earnings	10,480
Total Additions	<u>80,515</u>
 DEDUCTIONS :	
Benefit Payments	167,659
Professional Services	6,280
Administrative Expenses	11,430
Total Deductions	<u>185,369</u>
 Change in Net Position	 <u>(104,854)</u>
Net Position - Beginning	<u>2,551,844</u>
Net Position - Ending	<u><u>\$ 2,446,990</u></u>

The notes to the financial statements are an integral part of this statement.



City of Auburn

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2013

Note 1 – Summary of Significant Accounting Policies..... 58

 A. Reporting Entity 58

 B. Basic Financial Statement 58

 C. Measurement Focus, Basis of Accounting, and Basis of Presentation 59

 D. Budget and Budgetary Accounting..... 62

 E. Assets, Liabilities and Fund Balance..... 63

 1. Deposits and Investments..... 63

 2. Receivables..... 64

 3. Interfund Receivables and Payables 64

 4. Amounts Due From Other Governmental Units..... 64

 5. Inventories and Prepaid Expenses..... 64

 6. Restricted Assets 64

 7. Interfund Transactions 64

 8. Capital Assets 64

 9. Compensated Absences..... 65

 10. Unearned Revenues..... 66

 11. Fund Balance Components – Proprietary Funds..... 66

 12. Fund Balance Components – Governmental Funds..... 66

 F. Revenues, Expenditures and Expenses..... 67

 G. Estimates 68

Note 2 – Stewardship, Compliance and Accountability 68

Note 3 – Deposits and Investments 68

Note 4 – Property Taxes..... 71

Note 5 – Interfund Activity..... 73

Note 6 – Due From Other Governmental Units..... 74

Note 7 – Capital Assets and Depreciation..... 75

Note 8 – Capital Lease Obligation..... 76

Note 9 – Long-Term Liabilities 77

Note 10 – Pension Plans..... 81

Note 11 – Other Post Employment Benefits 93

Note 12 – Association of Washington Cities Employment Benefit Trust..... 95

Note 13 – Construction Commitments..... 95

Note 14 – Cemetery Endowed Care Fund..... 96

Note 15 – Joint Ventures / Related Party 96

Note 16 – Jointly Governed Organization / Related Party..... 99

Note 17 – Contingencies and Litigation..... 100

Note 18 – Risk Management and Insurance..... 100

Note 19 – Subsequent Event 101

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The City of Auburn, King County, Washington, was incorporated in 1891. It operates under the laws of the State of Washington applicable to a Non-Charter Code City under a Mayor/Council form of government. A full-time mayor and seven part-time council members administer Auburn, all elected at-large to four-year terms. The City provides a range of municipal services authorized by state law, including water services, sanitary sewer collection, solid waste collection, storm drainage, a general aviation airport, a municipal cemetery and a municipal golf course.

The accounting and reporting policies of the City of Auburn, which conform to Generally Accepted Accounting Principles (GAAP) for governments, are regulated by the Washington State Auditor's Office.

The City implemented the following new accounting and reporting standards issued by the Governmental Accounting Standards Board (GASB):

- a. GASB Statement No. 63 – *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* was adopted for fiscal year 2012 reporting. The statement provides financial reporting guidance for reporting deferred outflows of resources, deferred inflows of resources and net position. The City reported deferred outflows of resources but had no items to report as deferred inflows of resources in 2013.
- b. GASB Statement No. 65 – *Items Previously Reported as Assets and Liabilities* was adopted for fiscal 2013 reporting. The Statement establishes accounting and financial reporting standards that reclassify as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities. The City has restated its prior year bond issuance costs to conform to GASB No. 65. This adjustment has been reflected as a prior period adjustment for a change in accounting principle in the City's financial statements, amounting to a decrease to net position of \$379,458. The City also has reclassified certain transactions related to bond refunding as deferred outflows of resources.

The City's significant accounting policies are described in the following notes.

A. Reporting Entity

In accordance with the criteria set forth in Statement No. 14 of the Governmental Accounting Standards Board (GASB) the City's Comprehensive Annual Financial Report (CAFR) includes all funds controlled by the City.

Joint Ventures - Based on the criteria of Governmental Accounting Standards Board (GASB) Statement No. 14 as modified by GASB Statements No. 34 and 61, the Valley Communications Center and South Correctional Entity Facility (SCORE) are included in the accompanying government-wide statement of net position as a joint venture. (Please refer to Notes 9 and 15).

Jointly Governed Organizations - The cities of Auburn, Algona and Pacific formed the Valley Regional Fire Authority (VRFA) effective January 1, 2007. The VRFA is a separate municipal corporation of the State of Washington, organized as a regional fire protection service authority under RCW 52.26. The VRFA is not financially accountable to the member cities, none of the participating cities has an ongoing financial interest in the VRFA, and the VRFA is not financially dependent upon any member city. The VRFA imposes its own property tax levy and fire benefit charge.

The government-wide financial statements consist of the government-wide statement of net position and the government-wide statement of activities.

B. Basic Financial Statements

The City's basic financial statements consist of government-wide financial statements and fund financial statements. The government-wide financial statements, which include the statement of net position and the statement of activities,

summarize the entire operation of the City. The governmental fund financial statements, which include the balance sheet, statement of revenues, expenditures and changes in fund balance, and statement of revenues, expenditures and changes in fund balance budget and actual statement, provide a more detailed level of reporting. The proprietary fund financial statements, which include statement of net position, statement of revenues, expenses, and changes in net position and statement of cash flows, provide a more detailed level of reporting.

The government-wide financial statements report information on all of the non-fiduciary activities of the City. For the most part, the effect of interfund activity has been eliminated from these statements. Because governmental activities are normally supported by taxes and intergovernmental revenue, while business-type activities are generally supported through user fees and charges, governmental activities are reported separately from business-type activities on all government-wide financial statements.

The Statement of Net Position reports the assets, deferred outflows of resources, liabilities and deferred inflows of resources of the primary government. The net position section of this statement represents the residual amount of assets and their associated liabilities, deferred outflow of resources and deferred inflows of resources. The net position section is divided into three categories. The first category is *Net Investment in Capital Assets*, which includes all capital assets, net of accumulated depreciation, less any debt outstanding associated with the assets. Capital assets cannot readily be sold and converted into cash. The second category is *Restricted Net Position*, which includes those assets, net of their related debt that have a constraint placed on their use. The constraints are either: 1) externally imposed by creditors, such as through debt covenants, grantors, contributors, or laws and regulations of other governments, or 2) imposed by law through constitutional provisions or enabling legislation. The final section is *Unrestricted Net Position*, and this represents net position that generally can be used for any purpose. However, they are not necessarily in a spendable form, such as cash.

The statement of activities demonstrates the degree to which the direct expenses of various functions and activities of the City are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a function or activity, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Taxes and other items that are not properly included among function or activity revenues are instead reported as general revenues. The City does not allocate indirect expenses to functions in the statement of activities.

Separate financial statements are included for government funds, proprietary funds, and fiduciary funds, even though fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported in separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Basis of Presentation

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. Each fund is accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenue, and expenditures or expenses, as appropriate. The City resources are allocated to, and accounted for in, individual funds according to the purpose for which they are spent and how they are controlled.

The *basis of accounting* refers to the timing of when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and pension trust fund financial statements. Interfund services provided and used are not eliminated in the process of consolidation. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting.

The *modified accrual basis* of accounting is followed in all governmental and permanent funds of the City. Under the modified accrual basis of accounting, revenues are recognized when measurable and available. Revenues are generally considered available if they are collected within the current period or soon enough thereafter (30 days) to pay current liabilities. For derived tax revenues, such as sales tax and utility business and occupation taxes, revenues are recognized in the period when the underlying exchange has occurred. For imposed non-exchange taxes, such as property taxes, revenues are recognized when the use of resources is permitted, or when resources are available. Grant revenue is recognized in the period in which the expenditure occurs and the eligibility requirements have been met. Non-exchange transactions, such as contributions, are recognized when the donation eligibility requirements have been satisfied. Those specific major revenue sources accrued are:

Property Taxes – King County and Pierce County collect property taxes and remit to the City daily or monthly. December collections by each County, remitted in January, are recognized as revenues in current year even though received in the subsequent year since they are considered to be measurable and available. Property taxes remaining uncollected at year-end are reported as “unearned revenue”, since they are not considered to be available.

Sales Tax Revenues – The State of Washington collects all sales taxes. Auburn’s portion is remitted to the City by the State monthly. The sales tax received in January is recognized as revenue in current year even though received in the subsequent year because of when the underlying transaction occurred and the resources are considered to be measurable and available.

Grant Revenues – On cost reimbursement grants, grant revenue is recognized when the expenditure is incurred.

Under the modified accrual basis, expenditures are recorded when the fund liability is incurred, except for the unmatured interest and principal on general long-term debt, which is recognized when due, and for compensated absences which are recorded as expenditures when liquidated from expendable available fund resources. Purchases of capital assets from governmental funds are reported as expenditures during the year incurred and the asset is capitalized and reported on the government-wide statement of net position. Long-term liabilities, including compensated absences not currently due and payable, are also reported on the government-wide statement of net position.

The *accrual basis* of accounting is followed in all proprietary, agency, and pension trust funds. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when incurred.

The three broad fund categories and nine fund types presented in this report are described below:

1. Governmental Fund Types

All governmental funds are accounted for on a spending or “financial flow” measurement focus. This means that only current assets and current liabilities generally are included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of “available spendable resources”. Governmental fund operating statements focus on measuring cash flows rather than net income; they present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

- a. General fund – This fund is used to account for all financial resources and transactions of the City not accounted for in another fund, as required. The general fund is always considered a major fund.
- b. Special Revenue funds – These funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. One special revenue fund is considered major: the arterial street fund. This fund is supported by the State of Washington’s motor vehicle fuel tax and by various grants and is used for major street construction.

- c. Debt Service funds – These funds account for the accumulation of resources for, and the payment of, general long-term and special assessment debt principal, interest, and related costs. These funds also include the LID guarantee fund which provides financial security for outstanding LID bonds.
- d. Capital Projects funds – These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by proprietary funds. One capital project fund is considered major: the capital improvement projects fund. This fund accounts for major capital acquisitions, and street and parks construction projects.
- e. Permanent funds – These funds are used to account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes of supporting a specific City program.

2. Proprietary Fund Types

Financial statements for proprietary funds use the economic resources measurement focus and the accrual basis of accounting. This means that all assets and all liabilities (whether current or non-current) associated with their activity are included on their Statement of Net Position. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when incurred. The economic resources measurement focus is applied in the determination of financial position, net income, and cash flow.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the City's utility funds, other enterprise funds, and internal service funds are charges to customers for sales and services, vehicle and computer replacement, and insurance. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, taxes, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses, or as capital contributions. Substantially all proprietary fund operating revenues are used as security for revenue bonds.

GASB Statement No. 62 Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, provides a codification of private-sector standards of accounting and financial reporting issued prior to December 1, 1989, to be followed in the financial statements of proprietary fund types. The City has adopted provisions of GASB Statement No. 62.

- a. Enterprise funds – These funds are used to account for services to the general public where all or most of the costs, including depreciation, are to be financed or recovered from users of such services. Five enterprise funds are considered major funds. Utilities provided to residents are accounted for in the water fund, sanitary sewer fund, storm drainage fund and the solid waste fund. The golf course fund is used to account for business operations at the City's municipal golf course.
- b. Internal Service funds – These funds are used to account for the financing of goods and services provided to other funds, departments, or governments on a cost reimbursement basis. The City uses internal service funds to account for its fleet of vehicles, its maintenance and operation of facilities, the City-wide provision of computer hardware and software services, and its insurance premiums.

3. Fiduciary Fund Types

Fiduciary funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. These include a Fire Relief and Pension Trust Fund and Agency Fund. Each fiduciary fund is classified for accounting measurement purposes as either a governmental fund or a proprietary fund.

- a. Fire Relief and Pension Trust Fund - This fund is accounted for on the accrual basis in essentially the same manner as proprietary funds since capital management is critical. Based on actuarial recommendations, there are no employee or employer contributions to the Fire Relief and Pension Plan. Pension benefits are recognized when due; plan administration costs are also recognized when incurred in this fund.
- b. Agency Fund – This fund is custodial in nature (assets equal liabilities) and does not involve a measurement of results of operations.

D. Budget and Budgetary Accounting

The City of Auburn budgets in accordance with the Revised Code of Washington (RCW) 35A.33 for the general and special revenue funds. For governmental funds, there are no substantial differences between the budgetary basis and generally accepted accounting principles. Budgetary accounts are integrated in fund ledgers for all budgeted funds, but the financial statements include budgetary comparisons for the biennial budgeted governmental funds only. Budgets established for proprietary and trust funds are “management budgets”, and are not legally required to be reported and, as such, are not reported in the CAFR.

The biennial budget is proposed by the Mayor and adopted by the City Council with legal budgetary control at the fund level; i.e., expenditures and other financing sources may not exceed budgeted appropriations at the fund level. The Mayor may authorize transfers within funds; however, the City Council must approve by ordinance any amendments that increase the total for the fund. Any unexpended appropriation balances lapse at the end of the fiscal year.

The City prepares the biennial budget on the modified accrual basis, which conforms to Generally Accepted Accounting Principles (GAAP). The CAFR includes budgetary comparisons for those governmental funds with legally adopted budgets. Budget amounts include the adopted current year budget appropriations and any revisions made during the year.

State law establishes the budget process and the time limits under which a budget must be developed. The City follows the procedures outlined below to establish its biennial budget:

- a. Sixty days prior to each odd numbered fiscal year, the Mayor submits to the City Council a preliminary budget for the biennium commencing the following January 1st. The operating budget includes proposed expenditures and funding sources.
- b. Public hearings are conducted at the Auburn City Council Meetings to obtain taxpayer comments.
- c. Prior to December 31st, the budget is legally enacted through passage of an ordinance.
- d. The final operating budget as adopted is published and distributed after adoption. Copies of the budget are made available to the public.

ORIGINAL AND SUPPLEMENTAL APPROPRIATIONS

	Original Budget	Revisions	Final Budget
Governmental Funds			
General Fund	\$ 54,368,539	\$ 3,917,310	\$ 58,285,849
Total Governmental Funds	<u>54,368,539</u>	<u>3,917,310</u>	<u>58,285,849</u>
Special Revenue Funds:			
Local Street	\$ 2,474,250	\$ 390,000	\$ 2,864,250
Arterial Street	13,564,224	1,784,167	15,348,391
Hotel/Motel Tax	85,000	-	85,000
Arterial Street Preservation	2,630,920	225,000	2,855,920
Drug Forfeiture Fund	282,922	17,500	300,422
Housing and Community Development	460,000	142,000	602,000
Recreation Trails	-	-	-
Business Improvement Area	55,000	-	55,000
Cumulative Reserve	1,616,109	1,000	1,617,109
Mitigation Fees	717,210	155,514	872,724
Total Special Revenue Funds	<u>21,885,635</u>	<u>2,715,181</u>	<u>24,600,816</u>
Total Budgeted Funds	<u>\$ 76,254,174</u>	<u>\$ 6,632,491</u>	<u>\$ 82,886,665</u>

E. Assets, Liabilities, and Fund Balance**1. Deposits and Investments**

It is the City's policy to invest all temporary cash surplus. At December 31, 2013, the Washington State Local Government Investment Pool (LGIP) was holding \$97,392,182 in short-term investments. This amount is classified on the Statement of Net Position as cash and cash equivalents. The interest on these investments is prorated to the various funds based upon ownership of investments. For purposes of the Statement of Cash Flows, cash and cash equivalents includes cash on deposit with financial institutions in both demand and time deposit accounts, and amounts invested in the Local Government Investment Pool, administered by the State Treasurer's Office because it is operated in a manner consistent with a Securities and Exchange Commission's Rule 2a-7 of the Investment Company Act of 1940. The State Finance Committee is the administrator of the statute that created the pool and adopts appropriate rules. The State Treasurer's Office is responsible for establishing the investment policy for the pool and reviews it annually. Any proposed changes are reviewed by the LGIP Advisory Committee. The terms of the policy are designed to ensure the safety and liquidity of the funds deposited in the LGIP.

The City, by state law, is authorized to purchase certificates of deposit issued by Washington State depositories that participate in Washington Public Deposit Protection Commission (WPDPC), U.S. Treasury and Agency securities, banker's acceptances, and repurchase agreements. The City purchases repurchase agreements only from institutions that use authorized securities for collateral. The City of Auburn also has signed a "master repurchase agreement" with its primary bank, Key Bank.

For purposes of the statement of cash flows, all proprietary fund types and similar trust funds consider all highly liquid investments (including restricted assets) with maturity of three months or less when purchased to be cash equivalents.

Investments are recorded at fair value. Adjustments are made to cost for investments amortized over the period to maturity in accordance with GASB Statement No. 31. The investment in the state investment pool is valued at the pool's share price.

2. Receivables

Taxes receivable consist of property taxes (see Note 4). Accrued interest receivable consists of amounts earned on notes and contracts at the end of the year.

Customer accounts receivable consist of amounts owed by private individuals or organizations for goods and services provided. Uncollectible amounts are considered immaterial and the direct write-off method is used.

Special assessments are levied against certain property owners and become liens against the property benefited by the improvement. Special assessments receivable consist of current assessments, which are due within one year, delinquent assessments remaining unpaid after the due date, and unearned, uncollected assessments, which have been levied, but are not due within one year.

Other receivables include utility taxes due from private organizations and customer accounts receivable, which consist of amounts owed from private individuals or organizations for goods and services, including amounts owed for which billings have not been prepared. Notes and contracts receivable consist of amounts owed on open accounts from private individuals or organizations for goods and services rendered.

3. Interfund Receivables and Payables

These accounts include all interfund receivables and payables. A separate schedule of interfund activity is furnished in Note 5.

4. Amounts Due From Other Governmental Units

This account includes amounts due from other governments for grants, entitlements and charges for services. A schedule by fund of amounts due from other governmental units is presented in Note 6.

5. Inventories and Prepaid Expenses

Government fund types recognize the cost of inventory items and prepaid expenses (expenses that benefit future periods) as expenditures in the year of purchase. In governmental funds, materials and supplies remaining at year-end are immaterial and not included in inventory. In enterprise and internal service funds, inventories are valued at cost using the weighted average costing method.

6. Restricted Assets

In accordance with the utility bond ordinances, state law, or other agreements, separate restricted assets have been established. These assets are restricted for specific purposes including the establishment of bond reserve funds, utility rate stabilization funds, financing the ongoing capital improvement programs of the various utilities, customer deposits, nonexpendable permanent cemetery endowment and other purposes.

7. Interfund Transactions

During the course of normal operations, the City has numerous transactions between City funds. Interfund services provided and used, such as buying goods and services, are recorded as revenues and expenditures. Internal service fund billings are recorded as revenues in the equipment rental fund and as expenditures in the paying fund. Transfers between funds are included as "other financing sources or uses" in governmental fund types and as other items in proprietary fund types.

8. Capital Assets

Capital assets are recorded at historical cost when known or at estimated historical cost when actual costs are not known. Infrastructure, such as roads, bridges and water mains, is reported in the applicable government or business-type activities columns in the government-wide statement of net position. All infrastructure costs have

been calculated and are reported. Government-donated capital assets are stated at their market value on the date donated.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. For proprietary funds, interest costs incurred to bring certain assets to the condition and location necessary for their intended use are capitalized as part of the historical cost of acquiring the assets. Additionally, in situations involving the acquisition of certain assets financed with the proceeds of tax-exempt borrowing, any interest earned on related interest-bearing investment from such proceeds are offset against the related interest costs in determining either capitalization rates or limitations on the amount of interest costs to be capitalized.

Capital assets of enterprise and internal service funds are recorded at cost. The capital assets of the airport are carried at cost and include those acquired with capital contributed by the Federal Government.

Capital assets of all funds are depreciated, and are calculated on the straight-line method using estimated lives as follows:

Asset	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Building	\$5,000	Straight-line	20 - 50 years
Other Improvements	\$5,000	Straight-line	10 - 50 years
Equipment/Machinery	\$5,000	Straight-line	2 - 20 years
Infrastructure	\$5,000	Straight-line	25 - 50 years
Utility Plant	\$5,000	Straight-Line	25 - 50 years

At the inception of capital leases at the government fund reporting level, the net present value of future minimum lease payments allocable to the capital asset is reflected as expenditures and an “other financing source” of an equal amount.

9. Compensated Absences

City employees accrue vacation leave at a variable rate based on years of service. In general, employees are allowed to accumulate vacation leave up to what would be earned in two years.

Unaffiliated employees accrue sick leave at the rate of eight hours per month up to 960 hours. Sick leave accumulations over 960 hours at year-end are paid at 25%. Sick leave is not paid upon termination except in some instances upon separation in good standing, where employees hired before 12/31/1984 can be reimbursed at their current rate for unused sick leave up to a maximum of 960 hours, at a rate based on years of service. The City’s union contracts have varied sick leave accruals and payout options.

In general, non-exempt employees can accrue up to 80 hours of compensatory time.

The City reports compensated absences as liabilities in the government-wide statement of net position and in proprietary funds. Vacation, compensatory time, and sick leave are calculated separately for each employee using the rules described above. The reporting format is in compliance with GASB statement No. 16.

Governmental funds recognize expenditures for vacation, sick, and compensatory time when paid. Proprietary and pension trust funds recognize the expense and accrue a liability for vacation and sick leave pay as the leave is earned.

All compensated absence liabilities include salary-related payments, where applicable.

10. Unearned Revenues

This account reflects the amounts of taxes and other long-term receivables for which the revenue recognition criteria have not been met. It also reflects prepayments on accounts and grants received in advance.

11. Fund Balance Components – Proprietary Funds

In proprietary funds, net position is generally restricted in connection with restricted assets or for legal segregation. These restrictions are identified on the statement of net position of each fund type.

The City holds and administers a Utility System Rate Stabilization Fund. The City may, by ordinance, withdraw from the Rate Stabilization Fund for inclusion in the net revenue of the Utility System at any time for any current fiscal year of the Utility System, except that the total amount withdrawn from the Rate Stabilization Fund in any fiscal year may not exceed the total debt service of the Utility System in that year.

12. Fund Balance Components – Governmental Funds

Fund balance is presented in the governmental fund financial statements and represents the difference between assets and liabilities reported within the governmental fund.

Beginning with the most restrictive constraints, fund balance amounts are reported in the following categories:

- a. Nonspendable fund balance includes items that cannot be spent. This includes activity that is not in a spendable form (investments, prepaid amounts, long-term portion of loans/notes receivable, or property held for resale unless the proceeds are restricted, committed or assigned) and activity that is legally or contractually required to remain intact.
- b. Restricted fund balance is externally (outside the City) enforceable limitations imposed by creditors, grantors, contributors, laws and regulations of other governments, or laws through constitutional provisions or enabling legislation.
- c. Committed fund balance is self-imposed limitations imposed at the highest level of decision making authority, namely, Mayor and City Council. Mayor and City Council approval by ordinance is required to commit, modify or rescind resources.
- d. Assigned fund balance includes amounts that are constrained by the City's intent to be used for a specific purpose, but are neither restricted nor committed. It is the City's policy that intent of use can be assigned by City Council or by a designated official for that purpose. Adopted by City Council in the biennial budget ordinance. For governmental funds, other than the General Fund, this is the residual amount within the fund that is not restricted or committed.
- e. Unassigned fund balance is the residual amount of the General Fund not included in the four categories described above. Also, any deficit fund balances within the other governmental fund types are reported as unassigned.

When expenditure is incurred for purposes for which both restricted and unrestricted resources are available, it is the City's policy to use restricted resources first. When expenditures are incurred for purposes, for which unrestricted (committed, assigned, and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the City's policy to spend committed resources first, then assigned and unassigned, in that order.

The following shows the composition of the fund balance of the governmental funds for the fiscal year ended December 31, 2013:

Governmental Fund Balances
December 31, 2013

	Major				Total Governmental Funds
	General Fund	Arterial Street Fund	Capital Improvement Fund	Other Governmental Funds	
Nonspendable					
Prepays	\$ 127	\$ -	-	\$ -	\$ 127
Cemetery Endowment	-	-	-	1,536,316	1,536,316
Total Nonspendable	<u>127</u>	<u>-</u>	<u>-</u>	<u>1,536,316</u>	<u>1,536,443</u>
Restricted					
Major Street Construction	-	\$2,435,922	-	-	2,435,922
REET 1 Allowable Projects	-	-	2,227,414	-	2,227,414
REET 2 Allowable Projects	-	-	2,724,449	-	2,724,449
Parks and Trails Construction Projects	-	-	-	336,740	336,740
Fenster Levee Setback	-	-	-	137,739	137,739
Downtown Infrastructure Improvements	-	-	-	60,691	60,691
City Tourism Promotion	-	-	-	131,851	131,851
Drug Investigation and Enforcement	-	-	-	710,147	710,147
Community Development Block Grant Program	-	-	-	37,519	37,519
Recreational Trail Development	-	-	-	29,550	29,550
Downtown Business Area Improvements	-	-	-	41,068	41,068
Street and Fire Service Mitigation Fees	-	-	-	4,564,716	4,564,716
Debt Service	-	-	-	45,788	45,788
Total Restricted	<u>-</u>	<u>2,435,922</u>	<u>4,951,862</u>	<u>6,095,809</u>	<u>13,483,593</u>
Committed					
Local Street Improvements (Save our Streets)	-	-	-	1,763,391	1,763,391
Arterial Street Preservation	-	-	-	1,479,271	1,479,271
Total Committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,242,662</u>	<u>3,242,662</u>
Assigned					
Appropriations Over Estimated Revenue	5,892,611	-	-	-	5,892,611
Arterial Street Presevation Fund	-	-	4,151,065	3,244	4,154,309
Downtown and Sidewalk Improvements	-	-	-	-	-
Drug Investigation and Enforcement	-	-	-	1,206	1,206
Community Development Block Grant Program	-	-	-	4	4
Recreation Trail Development	-	-	-	37	37
Downtown Business Area Improvements	-	-	-	84	84
Local Street Improvements	-	-	-	153,515	153,515
School Administration Fees	-	-	-	76,051	76,051
Cemetery Capital Enhancement and Maintenance	-	-	-	93,248	93,248
Downtown Infrastructure Improvements	-	-	-	498,379	498,379
Debt Service	-	-	-	-	-
Total Assigned	<u>5,892,611</u>	<u>-</u>	<u>4,151,065</u>	<u>825,768</u>	<u>10,869,444</u>
Unassigned					
Unassigned	17,751,778	-	-	-	17,751,778
Total Unassigned	<u>17,751,778</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,751,778</u>
Total Fund Balances	<u>\$ 23,644,516</u>	<u>\$ 2,435,922</u>	<u>\$ 9,102,927</u>	<u>\$ 11,700,555</u>	<u>\$ 46,883,920</u>

F. Revenues, Expenditures and Expenses

Under the modified accrual basis of accounting:

- Charges for services, interest on investments, and rents generally are considered measurable and available when earned in governmental funds.
- Taxes and federal or state entitlements or shared revenues that have been collected but not remitted by an intermediary collection agency to the City are considered measurable and available.
- Special assessments are considered measurable and available when they become due.
- Grants are considered measurable and available to the extent that expenditures have been made. Other intergovernmental revenues are considered measurable and available when earned.
- Interfund revenues for goods and services are considered measurable and available when earned.
- Proceeds from sale of capital assets are recognized as other financing sources.
- Revenues from taxpayer-assessed taxes (i.e., sales tax), net of estimated refunds, are recognized when measurable and available to finance expenditures of the current period.
- All other revenues are either not measurable or considered not available until collected.
- Expenditures are generally recognized when incurred, except for principal and interest on general long-term debt, which are reported as expenditures when paid, and compensated absences, which are reported as expenditures when liquidated from expendable available financial resources.

Under the accrual basis of accounting:

- Revenues are recognized when earned and expenses are recognized when incurred.
- Contributions of capital in proprietary fund financial statements arise from internal and external contributions of capital assets or from grants or outside contributions of resources restricted to capital acquisition and construction.

Transfers between government and business-type activities on the government-wide statement of activities are reported as general revenues. Transfers between funds reported in the governmental activities column are eliminated, as are transfers between funds reported in the business-type activities column.

G. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

There have been no material violations of finance-related legal or contractual provisions, and there have been no expenditures exceeding legal appropriations in any of the funds of the City of Auburn.

NOTE 3 – DEPOSITS AND INVESTMENTS

At December 31, 2013, the carrying amount of the City's cash demand deposits with Key Bank totaled \$10,023,829 while the bank balance was \$11,339,347. In addition, there was \$92,800 in petty cash (\$10,000 in the Drug Forfeiture Fund to be used for enforcements purposes, \$7,300 in various petty cash and cashier change funds, and \$75,500 in fiduciary funds).

Custodial Credit Risk. Custodial credit risk is the risk associated with the failure of a depository financial institution. In the event of a depository financial institution's failure, it is the risk that the City would not be able to recover its deposits or collateralized securities that are in the possession of the outside parties.

The City minimizes custodial credit risk by following the restrictions set forth in state law.

The Federal Deposit Insurance Corporation (FDIC) insures the City's deposits up to \$250,000. The Washington Public Deposit Protection Commission (WPDPC) (established under Chapter 39.58 of the Revised Code of Washington) constitutes a multiple financial institution collateral pool. Pledged securities under the WPDPC collateral pool are held by the WPDPC's agent in the name of the collateral pool.

As required by State law, all investments of the City's funds are obligations of the U.S. Government, or deposits with Washington State banks that participate in the WPDPC. Pension and permanent funds are not subject to these limitations. All temporary investments are stated at cost. Other investments are shown on the statement of net position at fair value. Investments that were not at par value (cost) as of December 31, 2013 are reported at fair value. The fair value of the position in the state investment pool is the same as the value of shares held by the City in the pool at amortized cost because it is operated in a manner consistent with the Securities and Exchange Commission's Rule 2a-7 of the Investment Company Act of 1940.

During 2013, the net decrease in the fair value of investments being held for more than one year is \$11,278 at year-end.

As of December 31, 2013, the City had the following investments and maturities:

Schedule of Investments by Maturities
As of December 31, 2013

Investment Type	Fair Value	Investment maturities			
		Less than 1 year	1 to 2 years	2 to 3 years	Greater than 3 years
State investment pool	\$ 97,392,182	\$ 97,392,182	\$ -	\$ -	\$ -
US Treasuries	81,047	-	-	81,047	-
US Agencies	4,229,530	-	-	3,992,800	236,730
	<u>\$ 101,702,759</u>	<u>\$ 97,392,182</u>	<u>\$ -</u>	<u>\$ 4,073,847</u>	<u>\$ 236,730</u>

Reconciliation to government-wide statement of net position:

Total investments above	\$ 101,702,759
Plus: cash in checking	10,023,829
Plus: petty cash	92,800
Less: cash investments in fiduciary funds	<u>(3,571,629)</u>
Total cash and investments, government-wide statement of net position	<u>\$ 108,247,759</u>

Reconciliation of Cash and Investments
Government-Wide Statement of Net Position
As of December 31, 2013

	Governmental Activities	Business-Type Activities	Total
Cash and Cash Equivalents	\$ 43,846,902	\$ 31,187,399	\$ 75,034,301
Investments	3,232,240	997,290	4,229,530
Temporarily Restricted:			
Cash and Cash Equivalents	10,443,827	17,003,785	27,447,612
Permanently Restricted:			
Cash and Cash Equivalents	1,536,316	-	1,536,316
	<u>\$ 59,059,285</u>	<u>\$ 49,188,474</u>	<u>\$ 108,247,759</u>

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits the maximum maturity of an investment to not greater than three years, unless an investment is matched to an anticipated future cash flow. The segmented time distribution presented in the schedule of investments by maturity above indicates how the City has managed its interest rate risk.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law and the City's investment policy limits the instruments in which the City may invest. These include:

1. United States bonds

2. United States certificates of indebtedness
3. Bonds or warrants of the State of Washington
4. General obligation or utility revenue bonds or warrants of its own or of any other city or town in the State
5. Its own bonds or warrants of a local improvement district which are within the protection of the local improvement guaranty fund
6. Savings or time accounts in designated public depositories
7. Certificates, notes or bonds of United States agencies, or corporations wholly owned by the United States.
8. Repurchase agreements
9. Banker's acceptances
10. Federal Home Loan Bank notes and bonds, Federal Land Bank bonds, Federal National Mortgage Association notes, debentures and guaranteed certificates of participation, or obligations of any other government sponsored corporation whose obligations are or may be eligible as collateral for advances to member banks as determined by the Board of Governors of the Federal Reserve System or any portion thereof in investment deposits as defined in RCW 39.8.010 secured by collateral in accordance with RCW 39.58
11. Interim financing warrants of local improvement districts
12. State Local Government Investment Pool

As of December 31, 2013, the City had investments in a limited number of investment instruments as follows:

- U.S. Treasuries
- State Local Government Investment Pool
- Federal Farm Credit Bank Bonds
- Federal National Mortgage Association Bonds
- Lakehaven Utility District (WA) Bonds

With the exception of the State Local Government Investment Pool, which is not rated, all of the investments above carried a rating of AAA by Standard & Poor's rating service at December 31, 2013.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The City diversifies its investments by security type and institution. The investment policy states: "With the exception of US Treasury securities and the State Investment Pool, no more than 20% of the City's total investment portfolio will be invested in a single security type or with a single financial institution".

Other information

Effective 2002, the City has established arrangements with Bank of New York for safekeeping of all investments.

The following is a schedule of investments by fund type:

Schedule of Investments by Fund Category and Investment Type
As of December 31, 2013

	State Investment Pool	U.S. Securities	Total
General Fund	\$ -	\$ 2,231,310	\$ 2,231,310
Permanent Fund		1,000,930	1,000,930
Enterprise Funds	-	997,290	997,290
Fiduciary Funds	-	81,047	81,047
Treasurer's Residual Funds	97,392,182	-	97,392,182
Total	<u>97,392,182</u>	<u>\$ 4,310,577</u>	<u>\$ 101,702,759</u>

NOTE 4 – PROPERTY TAXES

Property taxes received during tax year 2013 were \$14,535,673 including collection of prior year delinquent assessments. Property taxes assessed for collection in tax year 2013 were based on a regular tax levy of \$2.07 per \$1,000 on a total 2012 assessed value of \$6,909,168,076.

For levy year 2013, to be received in 2014, the City’s regular tax levy is \$2.10 per \$1,000 on a 2013 assessed valuation of \$7,288,022,732, as of December 31, 2013, for a total regular levy of \$15,792,046. State law provides that debt cannot be incurred in excess of the following percentages of the taxable property of the City.

- 1.50% of assessed value without a vote of the people
- 2.50% of assessed value with a vote of the people

The City has additional authority to incur the following debt as a percentage of total valuation.

- 2.50% of assessed value with a vote of the people, indebtedness is for utilities
- 2.50% of assessed value with a vote of the people, indebtedness is for parks, or open space development

At December 31, 2013, the debt limits for the City were as follows:

Item	Without a Vote 1.50%	With a Vote			Total Capacity
		General Purposes 1.00%	For Utilities 2.50%	For Parks or Open Space Development 2.50%	
Legal Limit	\$ 109,320,341	\$ 72,880,227	\$ 182,200,568	\$ 182,200,568	\$ 546,601,704
Outstanding indebtedness	(64,047,284)	-	-	-	(64,047,284)
Margin available	<u>\$ 45,273,057</u>	<u>\$ 72,880,227</u>	<u>\$ 182,200,568</u>	<u>\$ 182,200,568</u>	<u>\$ 482,554,420</u>

The County Treasurer acts as an agent to collect property taxes levied in the county for all taxing authorities. Taxes are levied annually on January 1 on property values listed as of the prior August 31. The County assesses property at 100% of fair value. A revaluation of all property is required at least once every four years and a physical inspection is required at least once every six years.

Property taxes levied by the County Assessor and collected by the County Treasurer become a lien on the first day of the levy year and may be paid in two installments if the total amount exceeds \$10. The first half of real property taxes

is due on April 30 and the balance is due October 31. Delinquent taxes bear interest at the rate of 12% and are subject to additional penalties if not paid as scheduled.

At year-end, property taxes are recorded as a receivable with the portion not expected to be collected within 30 days offset by unearned revenue. During the year, property tax revenues are recognized when cash is received.

1. The Washington State Constitution limits the total regular property taxes to 1% of assessed valuation or \$10 per \$1,000 of value. If the taxes of all districts exceed this amount, each is proportionately reduced until the total is at or below the 1% limit.
2. Washington State law in RCW 84.55.010 limits the annual growth of regular property taxes to the lesser of 1% or the rate of inflation. With a vote of the majority of the voters within a taxing district, the 1% levy limitation can be "lifted" and additional taxes may be levied
3. The City may voluntarily levy taxes below the legal limit.

Special levies approved by the voters are not subject to the above limitations.

Property taxes are recorded as receivable and offset by an unearned revenue account when levied. Since state law allows for the sale of property for failure to pay taxes, no estimate of uncollectible taxes is made.

NOTE 5 – INTERFUND ACTIVITY

Transfers are legally authorized transfers of resources from a fund receiving revenue to the fund through which resources are to be expended. The principal purposes for interfund transfers include interfund subsidies, transfers into capital project and debt service funds and transfers into internal service funds for interfund facility, information services and equipment rental services:

Funds	Transfers	
	Transfer In	Transfer Out
Governmental funds:		
General	\$ 193,548	\$ 2,051,646
General - Cumulative reserve	2,000,000	927,461
Total general fund	2,193,548	2,979,107
Special revenue funds:		
Local street fund	150,000	-
Arterial street fund	164,048	-
Mitigation fees	151,302	220,380
Total special revenue funds	465,350	220,380
Debt service funds:		
1998 Library GO	234,049	-
2010 A&B Annex	1,322,499	-
2010 C&D Local Rev	196,200	-
LID guarantee	-	10,000
Total debt service funds	1,752,748	10,000
Capital projects funds:		
Capital Improvement Major	84,658	1,241,438
Municipal Park Construction	279,796	-
Total capital projects funds	364,454	1,241,438
Proprietary funds:		
Water	-	50,000
Sewer	-	50,000
Storm drainage	-	124,000
Golf course	442,230	-
Commercial retail	-	-
Total proprietary funds	442,230	224,000
Internal service funds:		
Facilities	-	736,685
Information services	100,140	-
Equipment rental	100,140	7,000
Total internal service funds	200,280	743,685
Total	\$ 5,418,610	\$ 5,418,610

All transfers are considered routine.

NOTE 6 – DUE FROM OTHER GOVERNMENTAL UNITS

As of December 31, 2013, the City had receivables due from other governmental units as follows:

<u>Due from Other Governmental Units</u>	
General Fund:	
Auburn Valley Humane Society	\$ 102,548
King County District Court	660,032
King County -Real Estate Excise Taxes	207,469
King County Sheriff's - Registered Sex Offender Grant	10,335
Pierce County - Real Estate Excise Taxes	6,935
Muckleshoot Indian Tribe	127,433
Seattle Police Department	13,697
SCORE	242
US Department of Justice	13,339
WA Auto Theft Prevention Authority - Auto Theft Preventio	5,113
WA State Military Department - EMPG Grant	15,209
WA State Traffic Safety Commission - Seat belt / DUI enforce	3,445
WA State Treasurer - Sales Taxes	<u>1,311,295</u>
Total General Fund	2,477,092
Arterial Street Fund:	
King County Dept. of Natural Resources & Parks Wastewater	22,196
WA State Transportation Improvement Board - Arterial Street	161,248
Port of Seattle	385,700
Muckleshoot Indian Tribe	50,873
Washington Traffic Safety Commission	48,000
WA Dept. of Transportation - Arterial street imp.	<u>1,265,917</u>
Total Arterial Street Fund	1,933,934
Drug Forfeiture Fund:	
Pierce County Sheriff's Department -TNET	13,363
Housing & Community Development:	
U.S. Dept. of Housing - Community Development Block Gran	40,904
Municipal Park Construction:	
Green River Community College	41,984
General Government Capital Improvements:	
Pierce County - Real Estate Excise Taxes	21,317
Storm Fund:	
WA State Department of Ecology	50,000
King Conservation District	20,000
King County Flood Control District	<u>152,677</u>
Total Storm Drainage Fund	222,677
Solid Waste Fund:	
Department of Ecology - ECPG Grant	1,084
King County - Local hazardous waste management grant	20,817
King County - Waste reduction and recycling grant	<u>40,725</u>
Total Solid Waste fund	62,626
Airport Fund	
Federal Aviation Administration	80,039
WA Department of Transportation -Aviation Division	<u>4,812</u>
Total Airport fund	84,851
Information Services Fund:	
City of Black Diamond	1,029
VRFA	<u>2,024</u>
Total Information Services fund	3,053
Agency Fund:	
City of Kent-Police	30,000
Total	<u><u>\$ 4,931,801</u></u>
Reconciliation to government-wide statement of net position:	
Total above due from other governmental units	4,931,801
Amount due to fiduciary fund	<u>(30,000)</u>
Total due from other governmental units,	
Government-wide statement of net position	<u><u>\$ 4,901,801</u></u>

NOTE 7 – CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended December 31, 2013 is as follows:

Schedule of Capital Asset Activity

	Balance 1/1/13	Increases	Decreases/ Adjustments	Balance 12/31/13
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 110,399,907	\$ 692,680	\$ (7,118,057)	\$ 103,974,530
Construction in progress	28,451,340	4,952,334	(28,416,613)	4,987,061
Total capital assets, not being depreciated	138,851,247	5,645,014	(35,534,670)	108,961,591
Capital assets, being depreciated:				
Buildings	58,729,893	959,170	(1,055,734)	58,633,329
Improvements other than buildings	16,428,766	2,030,604	(1)	18,459,369
Machinery and equipment	20,810,822	1,083,905	(254,134)	21,640,593
Intangibles	1,095,684	-	-	1,095,684
Infrastructure	292,968,753	35,506,457	-	328,475,210
Total capital assets being depreciated	390,033,918	39,580,136	(1,309,869)	428,304,185
Less: accumulated depreciation for:				
Buildings	(11,611,108)	(1,142,790)	54,309	(12,699,589)
Improvements other than buildings	(10,579,341)	(672,953)	-	(11,252,294)
Machinery and equipment	(13,921,095)	(1,310,572)	219,476	(15,012,191)
Intangibles	(349,173)	(90,291)	-	(439,464)
Infrastructure	(106,193,548)	(11,937,945)	-	(118,131,493)
Total accumulated depreciation	(142,654,265)	(15,154,551)	273,785	(157,535,031)
Total capital assets, being depreciated, net	247,379,653	24,425,585	(1,036,084)	270,769,154
Governmental activities capital assets, net	<u>\$ 386,230,900</u>	<u>\$ 30,070,599</u>	<u>\$ (36,570,754)</u>	<u>\$ 379,730,745</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 14,505,063	\$ -	\$ -	\$ 14,505,063
Water Rights	5,196,600	-	-	5,196,600
Construction in progress	12,008,567	9,082,875	(4,776,667)	16,314,775
Total capital assets, not being depreciated	31,710,230	9,082,875	(4,776,667)	36,016,438
Capital assets, being depreciated:				
Buildings	11,396,634	-	-	11,396,634
Improvements other than buildings	252,217,643	6,473,088	-	258,690,731
Machinery and equipment	3,222,591	82,693	-	3,305,284
Total capital assets being depreciated	266,836,868	6,555,781	-	273,392,649
Less: accumulated depreciation for:				
Buildings	(4,875,736)	(302,686)	-	(5,178,422)
Improvements other than buildings	(82,322,069)	(6,119,556)	(4)	(88,441,629)
Machinery and equipment	(2,819,147)	(66,930)	-	(2,886,077)
Total accumulated depreciation	(90,016,952)	(6,489,172)	(4)	(96,506,128)
Total capital assets, being depreciated, net	176,819,916	66,609	(4)	176,886,521
Business-type activities capital assets, net	<u>\$ 208,530,146</u>	<u>\$ 9,149,484</u>	<u>\$ (4,776,671)</u>	<u>\$ 212,902,959</u>

Depreciation/amortization expense was charged to functions/programs of the City as follows:

Depreciation/amortization expense was charged to functions/programs of the City as follows:

Governmental activities:	
General government	\$ 987,477
Public safety	406,854
Transportation	11,575,173
Culture and recreation	1,020,682
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets	1,164,365
Total depreciation/amortization expense - governmental activities	<u>\$ 15,154,551</u>
Business-type activities:	
Water	\$ 2,289,288
Sanitary sewer	1,886,057
Storm water	1,529,701
Solid waste	18,819
Golf course	304,519
Airport	403,105
Cemetery	57,683
Total depreciation expense - business-type activities	<u>\$ 6,489,172</u>

The 2013 total interest cost incurred for business-type activities was \$2,007,542 of which \$1,474,471 was charged to expense and \$533,071 capitalized.

NOTE 8 – CAPITAL LEASE OBLIGATION

The City has the following capital lease:

One January 1, 2007 the City entered into a capital lease agreement for the Auburn Avenue Theater facility for a 15 year term. The intent is for the City's Parks, Arts and Recreation department to offer performances to the public, as well as make the facility available for short-term rentals.

Schedule of Future Minimum Lease Payments

	Lease Payable
	Theater
2014	<u>\$ 76,436</u>
2015	76,436
2016	76,436
2017	76,436
2018	76,436
2019-2021	229,305
Total minimum lease payments	611,485
Less: Amounts representing interest	(130,714)
Present value of future minimum lease payments	<u>\$ 480,771</u>

As of December 31, 2013, the gross value of the Auburn Theater facility acquired under the capital lease is \$695,504. Monthly lease payments of \$6,369.68 plus annual inflation adjustments based on the U.S. CPI-W index are payable through the end of the lease period on December 1, 2021. Interest on the lease was imputed at 6.22 percent.

NOTE 9 – LONG-TERM LIABILITIES

General Obligation Bonds are direct obligations of the City for which its full faith and credit are pledged. Debt service for voter-approved issues, of which the City has none, would be funded by special property tax levies. Debt service for City Council authorized bonds, also called councilmanic bonds, is funded from regular property taxes or general revenues, and is generally paid from debt service funds but can be paid from other designated funds.

General Obligation Bonds outstanding at year-end are as follows:

- 2005 Limited Tax General Obligation refunding bonds were issued to partially advance refund the 1999 Limited Tax Obligation bonds. 1999 Limited Tax General Obligation bonds were issued for construction of hangars at the Auburn Municipal Airport. The 2005 Limited Tax General Obligation refunding bonds mature in 2019 and are paid from the Airport fund.
- 2006 Limited Tax General Obligation bonds were issued to fund improvements at the Auburn Golf Course including a pro shop, clubhouse and related facilities, as well as construction of a columbarium at the Mountain View Cemetery.
- 2006 Limited Tax General Obligation (taxable) bonds were issued to construct and equip restaurant, banquet and related facilities for a restaurant facility to be located at the Auburn Golf Course clubhouse.
- 2010A Limited Tax General Obligation Improvement and Refunding bonds were issued to provide funds with which to (i) pay a portion of the costs of acquisition of certain condominium units to provide city office space near City Hall (City Hall Annex) in lieu of the City Hall Annex lease and (ii) to partially advance refund the 1998 Limited Tax General Obligation bonds. The 1998 Limited General Obligation bonds were issued for construction of a library to be owned and operated by the King County Rural Library District.

The City advance refunded the 1998 Limited Tax General Obligation bonds in 2010. The debt is considered extinguished in an in-substance defeasance and, accordingly is not reflected in the accompanying financial statements. The remaining balance of outstanding defeased debt as of December 31, 2013 is \$1,245,000.

- 2010B Limited Tax General Obligation Bonds (Taxable Build America Bonds – Direct Payment) bonds were issued to provide funds with which to pay a portion of the costs of acquisition of certain condominium units to provide city office space near City Hall (City Hall Annex) in lieu of the City Hall Annex lease.
- 2010C Limited Tax General Obligation Bonds were issued to provide funds with which to pay portion of the downtown infrastructure improvements in the City's revitalization area.
- 2010D Limited Tax General Obligation Bonds (Taxable Build America Bonds – Direct Payment) bonds were issued to provide funds with which to pay portion of the downtown infrastructure improvements in the City's revitalization area.

Revenue Bonds are payable from water, sewer and storm drainage utility revenues generated by those enterprise funds.

State of Washington Public Works Trust Fund Loans are a direct responsibility of the City. Auburn currently has eight outstanding loans with a remaining total balance of \$12,442,903. Six of the loans are for water and sewer construction projects. The loans are being repaid from water and sewer fund revenues over a 20-year period that begins upon each project completion (PWTF 1999, PWTF 2001, PWTF 2002, PWTF 2004, PWTF 2006 & PWTF 2013). The other two loans are for arterial street improvements and are being repaid from arterial street fund revenues over a 20-year period that began in 2009 upon project completion (PWTF 2008) and over a 29-year period that began in 2013 upon project completion (PWTF 2012).

Compensated Absences are paid by those funds that have employees. These are mostly payable by the General fund and enterprise funds.

The following schedules summarize the long-term debt transactions of the City for the year ended December 31, 2013. The first table summarizes all debt transactions for Auburn, while the second provides detailed information on all long-term debt. Additional schedules reflect total annual debt service requirements to maturity and the reconciliation of debt by fund type.

CHANGES IN LONG-TERM LIABILITIES SUMMARY

	General Obligation ⁽¹⁾	Utility	Employee Leave Benefit	Other Post Employment Benefits	Premium	Due To Other Governments	Total
Long-term debt payable 12/31/12	\$36,435,623	\$30,026,474	\$2,608,597	\$4,068,439	\$799,391	\$27,379,850	\$101,318,374
Added	3,044,491	12,940,447	2,014,434	2,024,410	1,050,919	-	21,074,701
Retired	(1,399,530)	(1,943,831)	(2,078,797)	(1,124,809)	(135,936)	(1,413,150)	(8,096,053)
Long-term debt payable 12/31/13	\$38,080,584	\$41,023,090	\$2,544,234	\$4,968,040	\$1,714,374	\$25,966,700	\$114,297,022

⁽¹⁾ Includes capital leases

DEBT SERVICE REQUIREMENT TO MATURITY

Year	General Obligation Bonds		Capital Lease Obligation		Utility Bonds/Loans		Employee Leave Benefits	Total Long-Term Debt	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Principal ⁽¹⁾	Interest
2014	\$2,153,900	\$3,401,272	\$47,882	\$28,554	\$2,382,860	\$1,616,843	\$1,959,830	\$6,544,472	\$5,046,669
2015	2,235,150	3,310,406	50,947	25,490	2,412,860	1,581,893	58,440	4,757,397	4,917,789
2016	2,099,950	3,219,326	54,207	22,229	2,457,859	1,531,384	58,440	4,670,456	4,772,939
2017	2,189,400	3,127,140	57,677	18,759	2,502,860	1,478,310	58,440	4,808,377	4,624,209
2018	2,266,100	3,027,605	61,368	15,068	2,552,859	1,424,523	58,440	4,938,767	4,467,196
2019-2023	10,335,550	13,886,817	208,690	20,614	12,439,538	6,072,136	292,203	23,275,981	19,979,567
2024-2028	11,004,250	11,586,828	-	-	12,449,243	3,579,665	58,441	23,511,934	15,166,493
2029-2033	12,477,150	8,683,274	-	-	7,197,944	673,613	-	19,675,094	9,356,887
2034-2038	13,325,250	4,595,369	-	-	541,800	16,254	-	13,867,050	4,611,623
2039-2043	1,240,000	597,143	-	-	325,080	3,252	-	1,565,080	600,395
Totals	\$59,326,700	\$55,435,180	\$480,771	\$130,714	\$45,262,903	\$17,977,873	\$2,544,234	\$107,614,608	\$73,543,767

⁽¹⁾ \$107,614,608 Principal debt service requirements to maturity
4,968,040 Other Post Employment Benefits
1,714,374 Premium
\$114,297,022 Long Term Liabilities 12/31/2013

CHANGES IN LONG-TERM LIABILITIES

Issue Name	Interest Rates	Maturity Date	Original Amount	Principal Installments	Balance 12/31/12	Additions	Reductions	Balance 12/31/13	Due Within One Year
GOVERNMENTAL DEBT									
<u>General Obligation Bonds:</u>									
LTGO 2010A (1)	2.00-4.50%	12/1/2018	\$ 4,385,000	\$235,000 - \$720,000	\$ 2,480,000	\$ -	\$ (720,000)	\$ 1,760,000	\$ 745,000
LTGO 2010B (1)	3.27-6.24%	12/1/2039	20,365,000	\$535,000 - \$1,240,000	20,365,000	-	-	20,365,000	0
LTGO 2010C (1)	2.00-4.00%	12/1/2014	920,000	\$105,000 - \$215,000	420,000	-	(205,000)	215,000	215,000
LTGO 2010D (1)	3.27-6.19%	12/1/2034	6,320,000	\$220,000 - \$445,000	6,320,000	-	-	6,320,000	0
Total General Obligation Bonds			31,990,000		29,585,000	-	(925,000)	28,660,000	960,000
<u>Capital Lease:</u>									
Auburn Avenue Theater	6.22%	12/31/2021	695,504	\$3,877 - \$6,333	524,498	-	(43,727)	480,771	47,882
<u>Employee Leave Benefits:</u>									
Compensated absences			-		1,951,945	1,459,085	(1,568,204)	1,842,826	1,419,534
<u>Other Post Employment Benefits:</u>									
LEOFF 1			-		4,068,439	2,024,410	(1,124,809)	4,968,040	-
<u>Public Works Trust Fund Loans:</u>									
PWTF 2008	0.50%	7/1/2028	1,527,273	80,383	1,286,125	-	(80,383)	1,205,742	80,383
PWTF 2012	0.50%	6/1/2041	3,044,491	108,360	-	3,044,491	(10,420)	3,034,071	108,360
Total Public Works Trust Fund Loans			4,571,764		1,286,125	3,044,491	(90,803)	4,239,813	188,743
Premium Related to Debt					192,240	-	(37,868)	154,372	-
Total Governmental			\$ 37,257,268		\$ 37,608,247	\$ 6,527,986	\$ (3,790,411)	\$ 40,345,822	\$ 2,616,159
BUSINESS-TYPE DEBT									
<u>General Obligation Bonds</u>									
GO refunding bond 2005 ⁽¹⁾	4.00-4.50%	12/1/2019	\$ 1,375,000	\$10,000 - \$190,000	\$ 1,055,000	\$ -	\$ (115,000)	\$ 940,000	\$ 125,000
GO bond 2006 ⁽¹⁾	4.25-5.00%	12/1/2025	3,275,000	\$5,000 - \$395,000	3,275,000	-	-	3,275,000	-
GO bond 2006 taxable	5.40-5.52%	12/1/2015	1,885,000	\$45,000 - \$245,000	710,000	-	(225,000)	485,000	240,000
Total General Obligation Bonds			6,535,000		5,040,000	-	(340,000)	4,700,000	365,000
<u>Revenue Bonds:</u>									
Utility sys refunding bonds 2005 ⁽¹⁾	3.00-4.75%	11/1/2016	2,765,000	\$45,000 - \$355,000	1,330,000	-	(310,000)	1,020,000	325,000
Utility sys bonds 2010 ⁽¹⁾	3.00-6.40%	12/1/2030	21,295,000	\$575,000 - \$1,720,000	21,295,000	-	(575,000)	20,720,000	590,000
Utility sys bonds 2013 ⁽¹⁾	0.38-4.00%	12/1/2032	11,415,000	\$335,000 - \$785,000	-	11,415,000	(335,000)	11,080,000	475,000
Total Revenue Bonds			35,475,000		22,625,000	11,415,000	(1,220,000)	32,820,000	1,390,000
<u>Employee Leave Benefits:</u>									
Compensated absences			-		656,652	555,349	(510,593)	701,408	540,296
<u>Public Works Trust Fund Loans:</u>									
PWTF 1999	1.00%	7/1/2019	3,465,000	\$182,368	1,276,579	-	(182,368)	1,094,211	182,368
PWTF 2001	0.50%	7/1/2021	4,290,405	\$227,086	2,043,771	-	(227,086)	1,816,685	227,085
PWTF 2002	1.00%	7/1/2022	641,250	\$26,115	261,145	-	(26,115)	235,030	26,115
PWTF 2004	0.50%	7/1/2024	2,049,036	\$107,844	1,294,128	-	(107,844)	1,186,284	107,844
PWTF 2006	0.50%	7/1/2026	3,325,000	\$180,418	2,525,851	-	(180,418)	2,345,433	180,418
PWTF 2013	2.00%	6/1/2032	1,525,447	\$80,287	-	1,525,447	-	1,525,447	80,287
Total Public Works Trust Fund Loans			15,296,138		7,401,474	1,525,447	(723,831)	8,203,090	804,117
Premium Related to Debt					607,151	1,050,919	(98,068)	1,560,002	-
Total Proprietary			\$ 57,306,138		\$ 36,330,277	\$ 14,546,715	\$ (2,892,492)	\$ 47,984,500	\$ 3,099,413
Total All Funds			\$ 94,563,406		\$ 73,938,524	\$ 21,074,701	\$ (6,682,903)	\$ 88,330,322	\$ 5,715,572

⁽¹⁾ Subject to federal arbitrage compliance rules.

Due to Other Governments

- Valley Communication Center Public Development Authority issued General Obligation bonds in 2000 for a new dispatch facility. The City is contracted to pay 20% of the debt service of these 15-year bonds that mature in 2015. This debt is paid from the General fund.
- SCORE Public Development Authority issued General Obligation bonds in 2009 to acquire, construct, improve, and equip a consolidated correctional facility located in Des Moines, Washington. The city is contracted to pay 31% of the debt service of these 30 year bonds that mature in 2039. This debt is paid from the General fund.

CHANGES IN LONG-TERM LIABILITIES DUE TO OTHER GOVERNMENTS

Issue Name	Interest Rates	Maturity Date	Original Amount	Principal Installments	Balance 12/31/12	Additions	Reductions	Balance 12/31/13	Due Within One Year
GOVERNMENTAL DEBT:									
<u>General Obligation Bonds:</u>									
Valley Communication Public Dev Auth	3.00-4.00%	12/1/2015	\$ 1,065,000	\$21,000 - \$220,000	\$ 647,000	\$ -	\$ (215,000)	\$ 432,000	\$ 212,000
SCORE Public Development Authority	3.00-6.62%	1/1/2039	26,732,850	\$593,650 - \$1,601,150	26,732,850	-	(1,198,150)	25,534,700	616,900
Total General Obligation Bonds									
Due Other Governments			<u>\$ 27,797,850</u>		<u>\$ 27,379,850</u>	<u>\$ -</u>	<u>\$ (1,413,150)</u>	<u>\$ 25,966,700</u>	<u>\$ 828,900</u>

LONG-TERM LIABILITIES RECONCILIATION

	Enterprise Funds	Governmental Funds	12/31/13
Liabilities payable from restricted assets:			
Revenue bonds	\$ 2,922,900	\$ -	\$ 2,922,900
Long-term bonds payable:			
General obligation bonds	4,700,000	28,660,000	33,360,000
Capital lease	-	480,771	480,771
Revenue bonds	29,897,100	-	29,897,100
Public Works Trust Fund loans	8,203,090	4,239,813	12,442,903
Due to Other Governments	-	25,966,700	25,966,700
Employee leave benefits	701,408	1,842,826	2,544,234
Other Post Employment Benefits	-	4,968,040	4,968,040
Premium	1,560,002	154,372	1,714,374
Total long-term debt	<u>\$ 47,984,500</u>	<u>\$ 66,312,522</u>	<u>\$ 114,297,022</u>

Revenue Bond Debt Service Coverage

The required debt service coverage for the 2013 utility revenue bonds, 2010 utility revenue bonds and the 2005 utility revenue refunding bonds is 1.25. Debt service coverage for 2013 was 1.74. The ratio indicates the direction and degree to which the revenue stream exists to meet the current debt burden. The ratio is calculated by dividing the net revenue available by debt service requirements.

The restricted rate stabilization fund for the utility revenue bonds was established to minimize the effect on rates of revenue fluctuations between years. By transferring cash into this stabilization fund, adjusted net revenue available for debt service, as defined, would be decreased by the amount of the transfer. Conversely, transfers out of the account would increase adjusted net revenue available for debt service.

Estimated Arbitrage Rebate

The Federal Tax Reform Act of 1986 requires issuers of tax-exempt debt of over \$5 million to make payments to the United States Treasury of investment interest received at yields that exceed the issuer's tax-exempt borrowing rates. Payments of arbitrage rebate amounts due under these regulations must be made to the U.S. Treasury every five years. The City's estimated rebatable arbitrage amount as of December 31, 2013 is \$0 for its tax-exempt bond issues subject to the Tax Reform Act issued through that date.

NOTE 10 – PENSION PLANS

Substantially all City full-time and qualifying part-time employees participate in one of the following statewide retirement systems administered by the Washington State Department of Retirement Systems, under cost-sharing multiple-employer public employee defined benefit retirement plans. The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to: Department of Retirement Systems, Communications Unit, P.O. Box 48380, Olympia, WA 98504-8380; or it may be downloaded from the DRS website at www.drs.wa.gov. The following disclosures are made pursuant to GASB Statement 27, Accounting for Pensions by State and Local Government Employers, and Statement 50, Pension Disclosure, an Amendment of GASB Statement No. 25 and No. 27.

Public Employees' Retirement System (PERS) Plans 1, 2, and 3

Plan Description

The Legislature established PERS in 1947. Membership in the system includes: elected officials; state employees; employees of the Supreme, Appeals, and Superior courts; employees of legislative committees; community and technical colleges, college and university employees not participating in higher education retirement programs; employees of district and municipal courts; and employees of local governments. Approximately 50 percent of PERS salaries are accounted for by state employment. PERS retirement benefit provisions are established in chapters 41.34 and 41.40 RCW and may be amended only by the State Legislature.

PERS is a cost-sharing multiple-employer retirement system comprised of three separate plans for membership purposes: Plans 1 and 2 are defined benefit plans and Plan 3 is a defined benefit plan with a defined contribution component.

PERS members who joined the system by September 30, 1977 are Plan 1 members. Those who joined on or after October 1, 1977 and by either, February 28, 2002 for state and higher education employees, or August 31, 2002 for local government employees, are Plan 2 members unless they exercise an option to transfer their membership to Plan 3. PERS members joining the system on or after March 1, 2002 for state and higher education employees, or September 1, 2002 for local government employees have the irrevocable option of choosing membership in either PERS Plan 2 or PERS Plan 3. The option must be exercised within 90 days of employment. An employee is reported in Plan 2 until a choice is made. Employees who fail to choose within 90 days default to PERS Plan 3. Notwithstanding, PERS Plan 2 and Plan 3 members may opt out of plan membership if terminally ill, with less than five years to live.

PERS is comprised of and reported as three separate plans for accounting purposes: Plan 1, Plan 2/3, and Plan 3. Plan 1 account for the defined benefits of Plan members. Plan 2/3 accounts for the defined benefits of Plan 2 members and the defined benefit portion of benefits for Plan 3 members. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members. Although members can only be a member of either Plan 2 or Plan 3, the defined benefit portions of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of this Plan 2/3 defined

benefit plan may legally be used to pay the defined benefits of any of the Plan 2 and Plan 3 members or beneficiaries, as defined by the terms of the plan. Therefore, Plan 2/3 is considered to be a single plan for accounting purposes.

PERS Plan 1 and Plan 2 retirement benefits are financed from a combination of investment earnings and employer and employee contributions. Employee contributions to the PERS Plan 1 and Plan 2 defined benefit plans accrue interest at a rate specified by the Director of DRS. During DRS Fiscal Year 2013, the rate was five and one-half percent compounded quarterly. Members of PERS Plan 1 and Plan 2 can elect to withdraw total employee contributions and interest thereon upon separation from PERS-covered employment.

PERS Plan 1 members are vested after the completion of five years of eligible service. Plan 1 members are eligible for retirement at any age after 30 years of service, or at the age of 60 with five years of service, or at the age of 55 with 25 years of service. The monthly benefit is two percent of the average final compensation (AFC) per year of service. AFC is the monthly average of the 24 consecutive highest paid service credit months. The retirement benefit may not exceed 60 percent of AFC. This monthly benefit is subject to a minimum for PERS Plan 1 retirees who have 25 years of service and have been retired 20 years, or who have 20 years of service and have been retired 25 years. Plan 1 members who retire from inactive status prior to the age of 65 may receive actuarially reduced benefits. If a survivor option is chosen, the benefit is further reduced. A cost-of-living allowance (COLA) was granted at age 66 based upon years of service times the COLA amount. Plan 1 members may elect to receive an optional COLA that provides an automatic annual adjustment based on the Consumer Price Index. The adjustment is capped at three percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

PERS Plan 1 provides duty and non-duty disability benefits. Duty disability retirement benefits for disablement prior to the age of 60 consist of a temporary life annuity. The allowance amount is \$350 a month, or two-thirds of the monthly AFC, whichever is less. The benefit is reduced by any workers' compensation benefit and is payable as long as the member remains disabled or until the member attains the age of 60, at which time the benefit is converted to the member's service retirement amount. A member with five years of covered employment is eligible for non-duty disability retirement. Prior to the age of 55, the allowance amount is 2 percent of the AFC for each year of service reduced by 2 percent for each year that the member's age is less than 55. The total benefit is limited to 60 percent of the AFC and is actuarially reduced to reflect the choice of a survivor option. Plan 1 members may elect to receive an optional COLA amount (based on the Consumer Price Index), capped at 3 percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

PERS Plan 1 members can receive credit for military service while actively serving in the military if such credit makes them eligible to retire. Members can also purchase up to 24 months of service credit lost because of an on-the-job injury.

The survivor of a PERS Plan 1 member who dies after having earned ten years of service credit has the option, upon the member's death, of either a monthly survivor benefit or the lump sum of contributions plus interest.

PERS Plan 2 members are vested after the completion of five years of eligible service. Plan 2 members are eligible for normal retirement at the age of 65 with five years of service. The monthly benefit is 2 percent of the AFC per year of service. The AFC is the monthly average of the 60 consecutive highest-paid service months. There is no cap on years of service credit; and a cost-of-living allowance is granted (based on Consumer Price Index), capped at 3 percent annually.

PERS Plan 2 members who have at least 20 years of service credit and are 55 years of age or older are eligible for early retirement with a reduced benefit. The benefit is reduced by an early retirement factor (ERF) that varies according to age, for each year before age 65.

PERS Plan 2 members who have 30 or more years of service credit and are at least 55 years old can retire under one of two provisions if hired prior to May 1, 2013:

- With a benefit that is reduced by 3 percent for each year before age 65.
- With a benefit that has a smaller (or no) reduction (depending on age) that imposes stricter return-to-work rules.

PERS Plan 2 members hired on or after May 1, 2013 have the option to retire early by accepting a reduction of 5 percent for each year of retirement before age 65. This option is available only to those who are age 55 or older and have at least 30 years of service.

PERS Plan 2 retirement benefits are also actuarially reduced to reflect the choice, if made, of a survivor option. The surviving spouse or eligible child or children of a PERS Plan 2 member who dies after having earned ten years of service credit has the option of either a monthly benefit or a lump sum payment of the member's contributions plus interest.

PERS Plan 3 has a dual benefit structure. Employer contributions finance a defined benefit component and member contributions finance a defined contribution component. As established by Chapter 41.34 RCW, employee contribution rates to the defined contribution component range from 5 percent to 15 percent of salaries, based on the member choice. Members who do not choose a contribution rate default to a 5 percent rate. There are currently no requirements for employer contributions to the defined contribution component of PERS Plan 3.

PERS Plan 3 defined contribution retirement benefits are dependent upon the results of investment activities. Members may elect to self-direct the investment of their contributions. Any expenses incurred in conjunction with the self-directed investments are paid by the members. Absent a member's self-direction, PERS Plan 3 contributions are invested in the Retirement Strategy Fund that assumes the member will retire at age 65.

For DRS's fiscal year 2013, PERS Plan 3 employee contributions were \$99 million, and plan refunds paid out were \$69.4 million.

The defined benefit portion of PERS Plan 3 provides members a monthly benefit that is 1 percent of the AFC per year of service. The AFC is the monthly average of the 60 consecutive highest-paid service months. There is no cap on years of service credit, and Plan 3 provides the same cost of living allowance as Plan 2.

Effective June 7, 2006 PERS Plan 3 members are vested in the defined benefit portion of the plan after ten years of service; or after five year of service, if twelve months of that service is earned after age 44; or after five service credit years earned in PERS Plan 2 by June 1, 2003. Plan 3 members are immediately vested in the defined contribution portion of their plan.

Vested Plan 3 members are eligible for normal retirement at age 65, or they may retire early with the following conditions and benefits:

- If they have at least ten service credit years and are 55 years old, the benefit is reduced by an ERF that varies with age, for each year before age 65.
- If they have 30 service credit years, are at least 55 years old, and were hired before May 1, 2013, they have the choice of a benefit that is reduced by three percent for each year before age 65; or a benefit with a smaller (or no) reduction factor (depending on age) that imposes stricter return-to-work rules.
- If they have 30 service credit years, are at least 55 years old, and were hired after May 1, 2013, they have the option to retire early by accepting a reduction of five percent for each year before age 65.

PERS Plan 3 benefits are actuarially reduced to reflect the choice, if made, of a survivor option.

PERS Plan 2 and Plan 3 provide disability benefits. There is no minimum amount of service credit required for eligibility. The Plan 2 monthly benefit amount is 2 percent of the AFC per year of service. For Plan 3, the monthly benefit amount is 1 percent of the AFC per year of service.

These disability benefit amounts are actuarially reduced for each year that the member's age is less than 65, and to reflect the choice of a survivor option. There is no cap on years of service credit, and a cost-of-living allowance is granted (based on the Consumer Price Index) capped at 3 percent annually.

PERS Plan 2 and Plan 3 members may have up to ten years of interruptive military service credit; five years at no cost and five years that may be purchased by paying the required contributions. Effective July 24, 2005, a member who becomes totally incapacitated for continued employment while serving the uniformed services, or a surviving spouse or eligible children, may apply for interruptive military service credit. Additionally, PERS Plan 2 and Plan 3 members can also purchase up to 24 months of service credit lost because of an on-the-job injury.

PERS members may also purchase up to five years of additional service credit once eligible for retirement. This credit can only be purchased at the time of retirement and can be used only to provide the member with a monthly annuity that is paid in addition to the member's retirement benefit.

Beneficiaries of a PERS Plan 2 or Plan 3 member with ten years of service who is killed in the course of employment receive retirement benefits without actuarial reduction, if the member was not at normal retirement age at death. This provision applies to any member killed in the course of employment, on or after June 10, 2004, if found eligible by the Department of Labor and Industries.

A one-time duty-related death benefit is provided to the estate (or duly designated nominee) of a PERS member who dies in the line of service as a result of injuries sustained in the course of employment, or if the death resulted from an occupational disease or infection that arose naturally and proximately out of said member's covered employment, if found eligible by the Department of Labor and Industries.

Judicial Benefit Multiplier

Beginning January 1, 2007 through December 31, 2007, judicial members of PERS were given the choice to participate in the Judicial Benefit Multiplier Program (JBM), enacted in 2006. Justices and judges in PERS Plan 1 and 2 were able to make a one-time irrevocable election to pay increased contributions that would fund a retirement benefit with a 3.5 percent multiplier. The benefit would be capped at 75 percent of average final compensation. Judges in PERS Plan 3 could elect a 1.6 percent of pay per year of service benefit, capped at 37.5 percent of average compensation.

Members who choose to participate in JBM would: accrue service credit at the higher multiplier beginning with the date of their election, be subject to the benefit cap of 75 percent of average final compensation, pay higher contributions, stop contributing to the Judicial Retirement Account (JRA), and be given the option to increase the multiplier on past judicial service. Members who did not choose to participate would: continue to accrue service credit at the regular multiplier; continue to participate in JRA, if applicable; never be a participant in the JBM Program; and continue to pay contributions at the regular PERS rate.

Newly elected or appointed justices and judges who chose to become PERS members on or after January 1, 2007, or who had not previously opted into PERS membership, were required to participate in the JBM Program. Members required into the JBM program would: return to prior PERS Plan if membership had previously been established; be mandated into Plan 2 and not have a Plan 3 transfer choice, if a new PERS member; accrue the higher multiplier for all judicial service; not contribute to JRA; and not have the option to increase the multiplier for past judicial service.

There are 2,304 participating employers in PERS. Membership in PERS consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2013:

Retirees and Beneficiaries Receiving Benefits	82,242
Terminated Plan Members Entitled to but not yet Receiving Benefits	30,515
Active Plan Members Vested	106,317
Active Plan Members Non-vested	<u>44,273</u>
Total	263,347

Funding Policy

Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates, Plan 2 employer and employee contribution rates, and Plan 3 employer contribution rates. Employee contribution rates for Plan 1 are established by statute at 6 percent for state agencies and local government unit employees, and at 7.5 percent for state government elected officials. The employer and employee contribution rates for Plan 2 and the employer contribution rate for Plan 3 are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3.

All employers are required to contribute at the level established by the Legislature. Under PERS Plan 3, employer contributions finance the defined benefit portion of the plan, and member contributions finance the defined contribution portion. The Plan 3 employee contribution rates range from 5 percent to 15 percent, based on the member choice. As a result of the implementation of the Judicial Benefit Multiplier Program in January 2007, a second tier of employer and employee rates was developed to fund, along with investment earnings, the increased retirement benefits of those justices and judges that participate in the program. The methods used to determine the contribution requirements are established under state statute in accordance with chapters 41.40 and 41.45 RCW.

The required contribution rates expressed as a percentage of current year covered payroll, as of December 31, 2013, were as follows:

Members not participating in JBM:

	PERS Plan 1	PERS Plan 2	PERS Plan 3
Employer*	9.21%**	9.21%**	9.21%***
Employee	6.00%****	4.92%****	*****

- * The employer rates include an administrative expense fee currently set at 0.18%.
- ** The employer rate for state elected officials is 13.73% for Plan 1 and 9.21% for Plan 2 and Plan 3.
- *** Plan 3 defined benefit portion only.
- **** The employee rate for state elected officials is 7.50% for Plan 1 and 4.92% for Plan 2.
- ***** Variable from 5.0% minimum to 15.0% maximum based on rate selected by the PERS 3 member.

Members participating in JBM:

	PERS Plan 1	PERS Plan 2	PERS Plan 3
Employer*	9.21%	9.21%	9.21%**
Employee	12.26%	12.30%	7.50%***

- * The employer rates include the employer administrative expense fee currently set at 0.18%.
- ** Plan 3 defined benefit portion only.
- *** Minimum rate.

Both the City of Auburn and the employees made the required contributions. The City’s required contributions for the years ended December 31 were as follows:

	PERS Plan 1	PERS Plan 2	PERS Plan 3
2013	\$ 34,563	\$ 1,371,134	\$ 313,045
2012	29,077	1,182,550	268,187
2011	26,173	1,002,132	227,334

The employer contribution rate for the City was 7.25% in 2011, 7.21% in 2012, and 9.21% in 2013.

Law Enforcement Officers’ and Fire Fighters’ Retirement System (LEOFF) Plans 1 and 2.

Plan Description

The Legislature established LEOFF in 1970. Membership in the system includes all full-time, fully compensated, local law enforcement commissioned officers, firefighters and as of July 24, 2005, emergency medical technicians. LEOFF membership is comprised primarily of non-state employees, with Department of Fish and Wildlife enforcement officers, who were first included in prospectively effective July 27, 2003, being an exception. LEOFF retirement benefit provisions are established in Chapter 41.26 RCW and may be amended only by the State Legislature.

LEOFF is a cost-sharing multiple-employer retirement system comprised of two separate defined benefit plans. LEOFF members who joined the system by September 30, 1977 are Plan 1 members. Those who joined on or after October 1, 1977 are Plan 2 members.

LEOFF defined benefit retirement benefits are financed from a combination of investment earnings, employer and employee contributions, and a special funding situation in which the state pays through state legislative appropriations. Employee contributions to the LEOFF Plan 1 and Plan 2 defined benefit plans accrue interest at a rate specified by the Director of DRS. During DRS fiscal year 2012, the rate was five and one-half percent compounded quarterly. Members in LEOFF Plan 1 and Plan 2 can elect to withdraw total employee contributions and interest earnings upon separation from LEOFF covered employment.

Effective July 1, 2003, the LEOFF Plan 2 Retirement Board was established by Initiative 790 to provide governance of LEOFF Plan 2. The Board’s duties include adopting contribution rates and recommending policy changes to the Legislature for the LEOFF Plan 2 retirement plan.

LEOFF Plan 1 members are vested after the completion of five years of eligible service. Plan 1 members are eligible for retirement with five years of service at the age of 50. The benefit per year of service calculated as a percent of final average salary (FAS) is as follows:

<u>Term of Service</u>	<u>Percent of Final Average Salary</u>
20 or more years	2.0%
10 but less than 20 years	1.5%
5 but less than 10 years	1.0%

The FAS is the basic monthly salary received at the time of retirement, provided a member has held the same position or rank for 12 months preceding the date of retirement. Otherwise, it is the average of the highest consecutive 24 months’ salary within the last ten years of service. A cost-of-living allowance is granted (based on the Consumer Price Index).

LEOFF Plan 1 provides death and disability benefits. Death benefits for survivors of Plan 1 members on active duty consist of the following: (1) If eligible spouse, 50 percent of the FAS, plus 5 percent of FAS for each eligible surviving child, with a limitation on the combined allowances of 60 percent of the FAS; or (2) If no eligible spouse, eligible

children receive 30 percent of FAS for the first child plus 10 percent for each additional child, subject to a 60 percent limitation of FAS, divided equally.

A one-time duty-related death benefit is provided to the beneficiary or the estate of a LEOFF Plan 1 member who dies as a result of injuries or illness sustained in the course of employment, or if the death resulted from an occupational disease or infection that arose naturally and proximately out of the member's covered employment, if found eligible by the Department of Labor and Industries.

The LEOFF Plan 1 disability allowance is 50 percent of the FAS plus 5 percent for each child up to a maximum of 60 percent. Upon recovery from disability before the age of 50, a member is restored to service with full credit for service while disabled. Upon recovery after the age of 50, the benefit continues as the greater of the member's disability allowance or service retirement allowance.

LEOFF Plan 1 members may purchase up to five years of additional service credit once eligible for retirement. This credit can only be purchased at the time of retirement and can be used only to provide the member with a monthly annuity that is paid in addition to the member's allowance.

LEOFF Plan 2 members are vested after the completion of five years of eligible service. Plan 2 members may retire at the age of 50 with 20 years of service, or at the age of 53 with five years of service, with an allowance of two percent of the FAS per year of service. The FAS is based on the highest consecutive 60 months. Plan 2 members who retire prior to the age of 53 receive reduced benefits. Benefits are actuarially reduced for each year that the benefit commences prior to age 53 and to reflect the choice of a survivor option. If the member has at least 20 years of service and is age 50, the reduction is three percent for each year prior to age 53. A cost-of-living allowance is granted (based on the Consumer Price Index), capped at three percent annually.

LEOFF Plan 2 provides disability benefits. There is no minimum amount of service credit required for eligibility. The Plan 2 allowance amount is 2 percent of the FAS for each year of service. Benefits are actuarially reduced for each year that the member's age is less than 53, unless the disability is duty-related, and to reflect the choice of a survivor option. If the member has at least 20 years of service and is age 50, the reduction is 3 percent for each year prior to age 53. A catastrophic disability benefit equal to 70 percent of their FAS, subject to offsets for workers' compensation and Social Security disability benefits received, is also available to those LEOFF Plan 2 members who are severely disabled in the line of duty and incapable of future substantial gainful employment in any capacity. Effective June 2010, benefits to LEOFF Plan 2 members who are catastrophically disabled include payment of eligible health care insurance premiums.

Members of LEOFF Plan 2 who leave service because of a line of duty disability are allowed to withdraw 150 percent of accumulated member contributions. This withdrawal benefit is not subject to federal income tax. Alternatively, members of LEOFF Plan 2 who leave service because of a line of duty disability may be eligible to receive a retirement allowance of at least 10 percent of FAS and 2 percent per year of service beyond five years. The first 10 percent of the FAS is not subject to federal income tax.

LEOFF Plan 2 retirees may return to work in an eligible position covered by another retirement system, choose membership in that system and suspend their pension benefits, or not choose membership and continue receiving pension benefits without interruption.

LEOFF Plan 2 members who apply for retirement may purchase up to five years of additional service credit. The cost of this credit is the actuarial equivalent of the resulting increase in the member's benefit.

LEOFF Plan 2 members can purchase service credit for military service that interrupts employment. Additionally, LEOFF Plan 2 members who become totally incapacitated for continued employment while serving in the uniformed

services may apply for interruptive military service credit. Should any such member die during this active duty, the member’s surviving spouse or eligible children may purchase service credit on behalf of the deceased member.

LEOFF Plan 2 members may also purchase up to 24 consecutive months of service credit for each period of temporary duty disability.

Beneficiaries of a LEOFF Plan 2 member who is killed in the course of employment receive retirement benefits without actuarial reduction, if found eligible by the Director of the Department of Labor and Industries.

Benefits to eligible surviving spouses and dependent children of LEOFF Plan 2 members killed in the course of employment include the payment of on-going health care insurance premiums paid to the Washington State Health Care Authority.

A one-time duty-related death benefit is provided to the beneficiary or the estate of a LEOFF Plan 2 member who dies as a result of injuries or illness sustained in the course of employment, or if the death resulted from an occupational disease or infection that arose naturally and proximately out of the member’s covered employment, if found eligible by the Director of the Department of Labor and Industries.

Legislation passed in 2009 provides to the Washington-state-registered domestic partners of LEOFF Plan 2 members the same treatment as married spouses, to the extent that the treatment is not in conflict with federal laws.

There are 425 participating employers in LEOFF. Membership in LEOFF consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2013:

Retirees and Beneficiaries Receiving Benefits	10,189
Terminated Plan Members Entitled to but not yet Receiving Benefits	689
Active Plan Members Vested	14,273
Active Plan Members Non-vested	<u>2,633</u>
Total	27,784

Funding Policy

Starting on July 1, 2000, LEOFF Plan 1 employers and employees contribute zero percent as long as the plan remains fully funded. Employer and employee contribution rates are developed by the Office of the State Actuary to fully fund the plan. LEOFF Plan 2 employers and employees are required to pay at the level adopted by the LEOFF Plan 2 Retirement Board. All employers are required to contribute at the level required by state law. The Legislature, by means of a special funding arrangement, appropriated money from the state General Fund to supplement the current service liability and fund the prior service costs of LEOFF Plan 2 in accordance with the requirements of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. However, this special funding situation is not mandated by the state constitution and this funding requirement could be returned to the employers by a change of statute. For DRS fiscal year 2013, the state contributed \$54.2 million to LEOFF Plan 2. The methods used to determine the contribution requirements are established under state statute in accordance with Chapters 41.26 and 41.45 RCW.

The required contribution rates expressed as a percentage of current-year covered payrolls, as of December 31, 2013, were as follows:

	LEOFF Plan 1	LEOFF Plan 2
Employer*	0.18%	5.23%
Employee	0.00%	8.41%

* The employer rates include the employer administrative expense fee currently set at 0.18%.

** The employer rate for ports and universities is 8.59%.

Both the City of Auburn and the employees made the required contributions. The City’s required contributions for the years ended December 31 were:

	LEOFF Plan 1	LEOFF Plan 2
2013	\$ -	\$ 491,540
2012	-	467,819
2011	-	459,991

Public Safety Employees’ Retirement System (PSERS) Plan 2

Plan Description

The Legislature created PSERS in 2004 and the system became effective July 1, 2006. PSERS Plan 2 membership includes full-time employees of a covered employer on or before July 1, 2006, who met at least one of the PSERS eligibility criteria, and elected membership during the election period of July 1, 2006 to September 30, 2006; and those full-time employees, hired on or after July 1, 2006 by a covered employer, that meet at least one of the PSERS eligibility criteria. PSERS retirement benefit provisions are established in chapter 41.37 RCW and may be amended only by the State Legislature.

PSERS is a cost-sharing multiple-employer retirement system comprised of a single defined benefit plan, PSERS Plan 2.

A *covered employer* is one that participates in PSERS. Covered employers include the following: State of Washington agencies: Department of Corrections, Department of Natural Resources, Parks and Recreation Commission, Gambling Commission, Washington State Patrol, and Liquor Control Board; Washington state counties; Washington state cities except for Seattle, Tacoma and Spokane; and corrections entities formed by PSERS employers under the Interlocal Cooperation Act.

To be eligible for PSERS, an employee must work on a full time basis and:

- Have completed a certified criminal justice training course with authority to arrest, conduct criminal investigations, enforce the criminal laws of Washington, and carry a firearm as part of the job; or
- Have primary responsibility to ensure the custody and security of incarcerated or probationary individuals; or
- Function as a limited authority Washington peace officer, as defined in RCW 10.93.020; or
- Have primary responsibility to supervise eligible members who meet the above criteria.

PSERS retirement benefits are financed from a combination of investment earnings and employer and employee contributions. Employee contributions to the plan accrue interest at a rate specified by the Director of DRS. During Fiscal Year 2013, the rate was five and one-half percent, compounded quarterly. Members in PSERS Plan 2 can elect to withdraw total employee contributions and interest thereon, in lieu of any retirement benefit, upon separation from PSERS-covered employment.

PSERS Plan 2 members are vested after completing five years of eligible service.

PSERS members may retire with a monthly benefit of two percent of the average final compensation (AFC) at the age of 65 with five years of service; or at the age of 60 with at least ten years of PSERS service credit; or at age 53 with 20 years of service. The AFC is the monthly average of the member’s 60 consecutive highest-paid service credit months. There is no cap on years of service credit; and a cost-of-living allowance is granted (based on the Consumer Price Index), capped at three percent annually.

PSERS members who retire prior to the age of 60 receive reduced benefits. If retirement is at age 53 or older with at least 20 years of service, a three percent per year reduction for each year between the age at retirement and age 60 applies.

PSERS Plan 2 provides disability benefits. There is no minimum amount of service credit required for eligibility. The monthly benefit is two percent of the AFC for each year of service. The AFC is based on the member’s 60 consecutive highest creditable months of service. Benefits are actuarially reduced for each year that the member’s age is less than 60 (with ten or more service credit years in PSERS), or less than 65 (with fewer than ten service credit years). There is no cap on years of service credit; and a cost-of-living allowance is granted (based on the Consumer Price Index), capped at three percent annually.

PSERS members meeting specific eligibility requirements have options available to enhance their retirement benefits. Some of these options are available to their survivors.

A one-time duty-related death benefit is provided to the beneficiary or the estate of a PSERS member who dies as a result of injuries or illness sustained in the course of employment, or if the death resulted from an occupational disease or infection that arose naturally and proximately out of the member’s covered employment, if found eligible by the Department of Labor and Industries.

There are 75 participating employers in PSERS. Membership in PSERS consisted of the following as of the latest actuarial valuation date for the plan of June 30, 2013:

Retirees and Beneficiaries Receiving Benefits	27
Terminated Plan Members Entitled to but not yet Receiving Benefits	60
Active Plan Members Vested	2,083
Active Plan Members Non-vested	<u>2,167</u>
Total	4,337

Funding Policy

Each biennium, the state Pension Funding Council adopts PSERS Plan 2 employer and employee contribution rates. The employer and employee contribution rates for Plan 2 are developed by the Office of the State Actuary to fully fund Plan 2. The methods used to determine the contribution requirements are established under state statute in accordance with Chapters 41.37 and 41.45 RCW.

The required contribution rates expressed as a percentage of current-year covered payrolls, as of December 31, 2013, were as follows:

<u>PSERS Plan 2</u>	
Employer*	10.54%
Employee	6.36%

*The employer rate includes an employer administrative expense fee of 0.18%.

The City of Auburn has not had any employees enrolled in the PSERS Plan since 2011, thus no contributions have been made to the plan since 2010.

City of Auburn Fire Relief and Pension Plan

The City is the administrator of the Firemen’s Pension Plan (Plan), which is a closed, single-employer defined benefit pension plan that was established in conformance with RCW Chapters 41.16 and 41.18. This plan provided retirement

and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Membership is limited to firefighters employed prior to March 1, 1970 when the LEOFF retirement system was established. The City's obligation under the Firemen's Pension Plan consists of paying all benefits, including payments to beneficiaries and healthcare, for firefighters who retired prior to March 1, 1970, and excess pension and healthcare benefits of LEOFF for covered firefighters who retired after March 1, 1970. Benefits and refunds of the defined benefit pension plan are recognized when due and payable in accordance with the Plan. The Plan does not issue a separate financial report.

Under state law, the Firemen's Pension Plan is provided an allocation of 25% of all monies received by the state from taxes on fire insurance premiums, interest earnings, member contributions made prior to the inception of LEOFF, and City contributions required to meet projected future pension obligations. The actuary determined as of January 1, 2013 that no future City contributions would be required beyond future revenues from state fire insurance taxes and interest earnings. In 2013, \$70,035 was received from the state from taxes on fire insurance premiums. On-behalf payments of fringe benefits and salaries for the City's employees were recognized as revenues and expenditures/expenses during the period. Administrative costs, such as City staff time and actuarial valuation costs are funded from interest earnings or City contributions. The required schedule of funding progress immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Membership of the Firemen's Pension Plan consisted of 13 eligible, of which 11 are receiving benefits.

GASB STATEMENT No. 25				GASB STATEMENT No. 27		
SCHEDULE OF EMPLOYER CONTRIBUTIONS				THREE YEAR TREND INFORMATION		
Fiscal Year Ending	Actual Employer Contributions*	Annual Required Contribution (ARC)	Percentage of ARC Contributed	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension (Asset) Obligation
December 31, 2001	37,281	-	N/A	341	10932.84%	(36,940)
December 31, 2002	40,869	-	N/A	684	5975.00%	(77,125)
December 31, 2003	45,664	-	N/A	1,137	4016.18%	(121,652)
December 31, 2004	(137,783)	(91,881)	N/A	(90,143)	N/A	(74,012)
December 31, 2005	(144,746)	(78,690)	N/A	(76,827)	N/A	(6,093)
December 31, 2006	(149,327)	(78,690)	N/A	(77,774)	N/A	65,460
December 31, 2007	17,920	(5,048)	N/A	(5,420)	N/A	42,120
December 31, 2008	12,167	(5,048)	N/A	(4,885)	N/A	25,068
December 31, 2009	37,232	(78,233)	N/A	(77,503)	N/A	(89,667)
December 31, 2010	49,049	(78,233)	N/A	(73,634)	N/A	(212,350)
December 31, 2011	43,474	21,469	202%	30,859	140.88%	(224,965)
December 31, 2012	48,380	21,469	225%	32,156	150.00%	(241,189)
December 31, 2013	52,326	70,351	74%	83,024	63.00%	(210,491)

*Employer Contributions for pensions are total contributions to the Fund net of disbursements from the Fund for medical expenses under RCW 41.26.150 and administrative expenses.

GASB STATEMENT No. 27
Annual Development of Pension Cost

Fiscal Year Ending	ARC at End of Year ⁽¹⁾	Interest on NPO ⁽²⁾	ARC Adjustment	Amort. Factor *	Annual Pension Cost (APC)	Total Employer Contributions	Change in NPO	NPO (Asset) Balance ⁽³⁾
12/31/2001	-	(3,417)	(3,758)	12.99%	341	37,281	(36,940)	(36,940)
12/31/2002	-	(6,002)	(6,686)	12.83%	684	40,869	(40,185)	(77,125)
12/31/2003	-	(8,815)	(9,952)	12.65%	1,137	45,664	(44,527)	(121,652)
12/31/2004	(91,881)	(11,932)	(13,670)	12.47%	(90,143)	(137,783)	47,640	(74,012)
12/31/2005	(78,690)	(7,369)	(9,232)	13.30%	(76,827)	(144,746)	67,919	(6,093)
12/31/2006	(78,690)	(3,294)	(4,210)	13.04%	(77,774)	(149,327)	71,553	65,460
12/31/2007	(5,048)	833	1,205	13.82%	(5,420)	17,920	(23,340)	42,120
12/31/2008	(5,048)	(334)	(497)	13.46%	(4,885)	12,167	(17,052)	25,068
12/31/2009	(78,233)	(950)	(1,680)	14.13%	(77,503)	37,232	(114,735)	(89,667)
12/31/2010	(78,233)	(5,539)	(10,138)	13.66%	(73,634)	49,049	(122,683)	(212,350)
12/31/2011	21,469	(10,446)	(19,836)	13.17%	30,859	43,474	(12,615)	(224,965)
12/31/2012	21,469	(10,951)	(21,638)	12.65%	32,156	48,380	(16,224)	(241,189)
12/31/2013	70,351	(10,875)	(23,548)	12.32%	83,024	52,326	30,698	(210,491)

⁽¹⁾ A change in consulting actuaries resulted in a recommended change in the actuarial methods and assumptions.

⁽²⁾ 7% interest rate was used for years prior to January 1, 2000-2004; 6% 2005-2006; 5% 2007-2008; 4% 2011-2012, 3.75% 2013

⁽³⁾ The Net Pension Obligation (NPO) balance is reflected as part of Deferred Charges on the Government-wide Statement of Net Position prior to 2010.

* Based on 30-year level-dollar closed amortization as of January 1, 1999.

The information presented in the preceding required schedules was determined as part of the actuarial valuations at the date indicated.

Actuarial Valuation Info:

Valuation date:	January 1, 2013
Actuarial cost method:	Entry age normal
Amortization method:	30-year, closed as of January 1, 1999
Remaining amortization period:	16 years
Asset valuation method:	Fair market value

Actuarial Assumptions

Inflation rate:	2.50%
Investment rate of return:	3.75%
Projected salary increases:	3.50%
Cost-of living adjustments:	2.50%

NOTE 11 – OTHER POST EMPLOYMENT BENEFITS

In 2008, the city implemented GASB Statement 45, Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions.

Plan Description

The city is the administrator of the LEOFF 1 employees plan covering lifetime medical care. This plan is a defined benefit healthcare plan, other post employment benefit plan (OPEB).

The city is required to pay post employment benefits in accordance with Revised Code of Washington (RCW) Chapter 41.16, all medical and long term care as long as a disability exists are covered for any active firefighter hired prior to March 1, 1970. For any retired firefighter hired prior to March 1, 1970, medical and long term care are covered at the discretion of the Retirement Board. Members retired prior to 1961 for reasons other than duty disability are not eligible for medical benefits during retirement.

In 1970, LEOFF was established by the Legislature under RCW Chapter 41.26. LEOFF members who joined the system by September 30, 1977 are Plan 1 members. For Plan 1 members, the city is required to pay all healthcare expenses incurred by LEOFF 1 retirees. The City's cost is reduced by any amounts retirees receive from Medicare or other health plans.

Funding Policy

The funding policy is based upon the pay-as-you-go financing requirements paid out of the General fund.

Membership

As of December 31, 2013, there was 1 active member and 56 retirees meeting the eligibility requirements of a LEOFF 1 member. This is considered a closed group with no new members. The one active member is employed by the Valley Regional Fire Authority (VRFA) which is a separate governmental entity and the City is billed annually for their medical costs.

Annual OPEB Cost and Net OPEB Obligation

The City's annual other post employment benefit (OPEB) cost is calculated based upon the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities over a period of 21 years as of January 1, 2008. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan and changes in the City's net OPEB for LEOFF.

Annual Required Contribution (ARC)	Fiscal Year Ending		
	12/31/2011	12/31/2012	12/31/2013
1. Annual Normal Costs at beginning of year	\$ 101,456	\$ 101,456	\$ 101,456
2. Amortization of UAAL at beginning of year	2,011,425	2,011,425	2,011,425
3. Interest to end of year	84,515	84,515	84,515
4. ARC at end of year	\$ 2,197,396	\$ 2,197,396	\$ 2,197,396
5. Interest on Net OPEB Obligation	82,754	123,847	162,738
6. Adjustment to ARC	157,139	244,712	335,724
7. Annual OPEB Cost	\$ 2,123,011	\$ 2,076,531	\$ 2,024,410
8. Employer Contributions	1,095,684	1,104,259	1,124,809
9. Change in Net OPEB Obligation	1,027,327	972,272	899,601
10. Net OPEB Obligation at beginning of year	2,068,840	3,096,167	4,068,439
11. Net OPEB Obligation at end of year	\$ 3,096,167	\$ 4,068,439	\$ 4,968,040

The net OPEB obligation of \$4,968,040 is included as a non-current liability on the Statement of Net Position. The City's annual OPEB cost, the percentage of OPEB costs contributed to the plan, and the net OPEB obligation for 2013, 2012 and 2011 are as follows:

Fiscal Year Ending	Annual OPEB Cost	Contributions as a Percentage of Annual OPEB Cost	Net OPEB Obligation
December 31, 2013	\$ 2,024,410	56%	\$ 4,968,040
December 31, 2012	2,076,531	53%	4,068,439
December 31, 2011	2,123,011	52%	3,096,167

Funded Status and Funding Progress

As of January 1, 2014, the most recent actuarial valuation date, the plan was 0% funded. The accrued liability for benefits was \$26.2 million, and the actuarial value of assets was \$0, resulting in a UAAL of \$26.2 million. The required schedule of funding progress immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities, consistent with the long-term perspective of the calculations.

In the January 1, 2014 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions used included a 3.25% discount rate, which is based upon the long-term investment yield on the investments that are expected to be used to finance the payment of benefits. The medical (healthcare) trend rate of

6.9% for pre-65 retirees and 7.0% for post-65 retirees is assumed and the inflation rate includes the dental inflation rate of 5.0% and long term care inflation rate of 4.75%.

The UAAL is being amortized on a closed basis at the assumed discount rate using the level dollar amortization method. The remaining amortization period at January 1, 2014 was 15 years.

NOTE 12 – ASSOCIATION OF WASHINGTON CITIES EMPLOYEE BENEFIT TRUST (“Trust”)

Trust Description

The City is a Participating Employer in the Association of Washington Cities Employee Benefit Trust (“Trust”), a cost-sharing multiple-employer welfare benefit plan administered by the Association of Washington Cities. The Trust provides medical benefits to certain eligible retired employees of Participating Employers and their eligible family members. Under Article VII of the Trust document, the Trustees have the authority and power to amend the amount and the nature of the medical and other benefits provided by the Trust. The Trust issues a publicly available financial report that includes financial statements and requires supplementary information for Trust. That report, along with a copy of the Trust document, may be obtained by writing to Trust at 1076 Franklin Street SE, Olympia, WA 98501-1346 or by calling 1-800-562-8981.

Funding Policy

The Trust provides that contribution requirements of Participating Employers and of participating employees, retirees and other beneficiaries, if any, are established and may be amended by the Board of Trustees of the Trust. Retirees of the City receiving medical benefits from the Trust contribute up to \$830.01 per month for non-Medicare enrolled retiree-only coverage, \$1,667.27 for non-Medicare enrolled retiree and spouse coverage, \$1,280.56 for Medicare enrolled retiree and non-Medicare enrolled spouse (or non-Medicare enrolled retiree and Medicare-enrolled spouse) and \$899.43 for Medicare-enrolled retiree and spouse coverage.

Participating Employers are not contractually required to contribute an assessed rate each year by the Trust for non-LEOFF 1 retirees. The retiree pays for 100% of the premium.

NOTE 13 – CONSTRUCTION COMMITMENTS

At December 31, 2013 the City had the following contractual obligations on construction projects:

SCHEDULE OF OUTSTANDING CONSTRUCTION OBLIGATIONS

As of December 31, 2013

	<u>Amount Outstanding</u>
Traffic projects	\$ 404,411
Street projects	567,426
Utilities projects	2,254,288
Total commitments	<u>\$ 3,226,125</u>

NOTE 14 – CEMETERY ENDOWED CARE FUND

The City maintains one permanent fund known as the cemetery endowed care fund. Paid into this fund is 10% of the base, pre-tax sales price of each grave, niche or crypt. This fund is irreducible in principal and no part of the income of this fund shall ever be used for purposes other than those specified upon the creation of the fund.

RCW 68.44.020 restricts the use of endowment net appreciation to endowment care “stipulated in the instrument by which the fund was established”. For the City, the instrument that established the fund is Auburn City Code section 3.04.080, and section 3.040.120 governs the use of the fund.

ACC 3.04.120 restricts net interest or income from investments to the care of the lots and in the improvement or embellishment of the cemetery or the erection or preservation of any buildings or structures, fences or walks, or for the repair, preservation, erection or renewal of any tomb, monument, grave, stone, fence, railing or other erection in or around the cemetery. The funds may also be used for planting and cultivating trees, shrubs, flowers or plants in or around the cemetery. All expenditures of income from the fund must first be authorized by the City Council.

For 2013, of the \$6,142 net appreciation on investments, all was available for expenditures. Amounts that are available for expenditure are reflected as assigned fund balance.

NOTE 15 – JOINT VENTURES / RELATED PARTY

Valley Communications Center

The “Valley Communications Center” was established August 20, 1976, when an Interlocal Agreement was entered into by four participating municipal corporations: Renton, Kent, Auburn and Tukwila. The provisions and terms of the “Interlocal Cooperation Act”, pursuant to RCW 39.34, sanction the agreement. The initial duration of the agreement was five years and thereafter is automatically extended for consecutive two-year periods, unless terminated by one or more of the participating cities. Any such termination must be in writing and served upon the other cities on or before July 1 in any one year and such termination shall then become effective on the last day of such year.

On August 4, 1999 the Administration Board of Valley Communications Center voted to include the City of Federal Way as a full participating member city as of January 1, 2000. The five participating municipal corporations that include the cities of Renton, Kent, Auburn, Tukwila, and Federal Way on April 17, 2000 entered into a new Interlocal Agreement, pursuant to RCW 39.34, et seq. This agreement reaffirmed Valley Communications Center as a governmental administration agency pursuant to RCW 39.34.030 (3) (b).

The purpose of the joint operation, hereafter referred to as Valley Com, is to provide improved consolidated emergency communications (dispatch) services for police, fire and medical aid to the five participating cities and to the several subscribing agencies, which include King County Fire Districts #2, #20, #40, #43, #44, #47, Black Diamond Fire Department, Vashon Island Fire Department, City of Pacific Police and Fire Departments, City of Algona Police Department, City of Black Diamond Police Department, City of Des Moines Police Department, SeaTac Fire Department, North Highline Fire Department, and King County EMS Units. In 1988, King County Fire District #1 was annexed to the City of Tukwila. A separate agreement between Valley Com and the subscribing agencies has been executed, which set forth condition of services and rates charged.

The participating cities provide the majority of revenues to Valley Com. The method of allocating revenue source was changed in 1990 to a basis of prior year’s calls with actual first and second quarter and estimated third and fourth quarter calls. The allocation of prorated financial participation among the five participating cities is the percentage of estimated dispatched calls attributed to each jurisdiction compared to the total actual and estimated dispatched calls, for the period for January 1, through December 31. The percentages are applied to the current approved budget, less revenue from subscribing agencies and all other sources.

The 2013 cost distribution for the five participating cities is as follows:

	Dispatchable Calls	Percent of Total *
Renton	72,740	20.70%
Kent	97,579	27.76%
Auburn	71,881	20.45%
Tukwila	34,192	9.73%
Federal Way	75,073	21.36%
Total	<u>351,465</u>	<u>100.00%</u>

* Distribution of current year net income is based on these budgeted percentages.

Valley Com is served by an Administration Board composed of the Mayors or designated representatives from the five participating cities of Renton, Kent, Auburn, Tukwila and Federal Way. The Administration Board is responsible for the following functions: 1) Budget review and recommendation to the legislative bodies of the participating cities, and budget adoption after each legislative body has approved the required financial participation for the ensuing year; 2) Approval of appointment and/or discharge of the Director; 3) Approval of personnel policy and final decisions on all major policy changes; 4) Review and approval of all contracts.

In addition, an Operations Board provides direction and consists of two members of each participating City’s public safety departments, including the heads of such departments or their designees. The Operations Board performs the following functions: 1) Oversees the operation of Valley Com, advises and makes recommendations to the Administration Board; 2) Makes recommendations on Director selection; 3) Presents proposed policies and budget to the Administration Board; 4) Approves disbursement of funds by the Director.

The Director presents a proposed budget to the Operations Board on or before August 15 of each year. Said budget is then presented to the Administration Board by September 1 of each year. The Administration Board can make changes to the proposed Valley Com budget as it finds necessary, but final approval falls to the legislative body of each participating city in accordance with the provisions of the Interlocal Agreement.

In August 1993, Valley Com entered into an Interlocal Cooperation Agreement, pursuant to Chapter 39.34 RCW, with the sub-regions of King County, Seattle and Eastside Public Safety Communications Agency (EPSCA). This agreement governs the development, acquisition and installation of the 800 MHz emergency radio communications system (system) funded by the \$57 million King County levy.

This agreement provides that upon voluntary termination of any sub-region participation in the system, it surrenders its radio frequencies, relinquishes its equipment and transfers any unexpended levy proceeds and association equipment replacement reserves to another sub-region or consortium of sub-regions.

The share of equity belonging to the five participating cities is as follows:

Item	Renton	Kent	Auburn	Tukwila	Federal Way	Total
Equity Dec 31, 2012	\$ 5,062,434	\$ 7,139,778	\$ 4,783,577	\$ 2,843,407	\$ 3,324,584	\$ 23,153,780
Current year change	<u>178,173</u>	<u>239,013</u>	<u>176,069</u>	<u>83,751</u>	<u>183,886</u>	<u>860,892</u>
Equity Dec 31, 2013	<u>\$ 5,240,607</u>	<u>\$ 7,378,791</u>	<u>\$ 4,959,646</u>	<u>\$ 2,927,158</u>	<u>\$ 3,508,470</u>	<u>\$ 24,014,672</u>
% of equity	21.82%	30.73%	20.65%	12.19%	14.61%	
% of 2013 distribution	20.70%	27.76%	20.45%	9.73%	21.36%	

Liabilities are the responsibility of the five participating cities in direct proportion to their equity position. Complete audited financial statements for Valley Communications Center can be obtained from Valley Communications Center, 27519 108th Ave SE, Kent, WA 98030, or telephone 253-372-1300.

South Correctional Entity (SCORE)

The South Correctional Entity (SCORE) consolidated correctional facility was established February 25, 2009, when an Interlocal Agreement (the “Original Interlocal Agreement”) was entered into by seven participating municipal governments, the “Member Cities” of Auburn, Burien, Des Moines, Federal Way, Renton, SeaTac and Tukwila, under the authority of the “Interlocal Cooperation Act” (RCW 39.34). This “Original Interlocal Agreement” was amended and restated October 1, 2009 and named the City of Des Moines as the “Host City” and the remaining Member Cities as “Owner Cities”. This Interlocal agreement is known as the “Formation Interlocal Agreement”. Pursuant to a separate “Host City Agreement” dated October 1, 2009, the Host City will not enjoy the same equity position as the Owner Cities until all debts issued are paid and the Host City fulfills all of its obligations as outlined in the Agreement. Pursuant to SCORE financial policies, all unexpected funds or reserve funds shall be distributed based on the percentage of the Member City’s average daily population at the SCORE Facility for the last three (3) years regardless of their Owner City or Host City status.

SCORE, a governmental administrative agency pursuant to RCW 39.34.030 (3), has the power to acquire, construct, own, operate, maintain, equip, and improve a correctional facility known as the “SCORE Facility” and to provide correctional services and functions incidental thereto, for the purpose of detaining arrestees and sentenced offenders in the furtherance of public safety and emergencies within the jurisdiction of the Member Cities. The SCORE Facility may serve the Member Cities and Subscribing Agencies which are in need of correctional facilities. Any agreement with a Subscribing Agency shall be in writing and approved by SCORE as provided within the SCORE Formation Interlocal Agreement.

Financing for the acquisition, construction, equipping, and improvement of the SCORE Facility was provided by bonds issued by the South Correctional Entity Facility Public Development Authority (the “SCORE PDA”), a public development authority chartered by the City of Renton pursuant to RCW 35.21.730 through 35.21.755 and secured by the full faith and credit of the Cities of Auburn, Burien, Federal Way, Renton, SeaTac, and Tukwila. The SCORE PDA issued \$86 million in special obligation bonds in 2009 to carry out the facility development project. The following is a summary of the debt service requirements for the bond issue:

Summary of Debt Service Requirements										
Debt Service Schedule					Debt Service Allocation to Owner Cities					
Year	Principal	Interest	35% BABs		Auburn	Burien	Federal Way	Renton	SeaTac	Tukwila
			Subsidy	Total	31%	4%	18%	36%	3%	8%
2014	\$ 1,950,000	\$ 5,066,566	\$ (1,654,975)	\$ 5,361,591	\$ 1,662,093	\$ 214,464	\$ 965,086	\$ 1,930,173	\$ 160,848	\$ 428,927
2015	1,990,000	4,995,069	(1,632,787)	5,352,282	1,659,207	214,091	963,411	1,926,822	160,568	428,183
2016	2,065,000	4,911,886	(1,632,787)	5,344,099	1,656,671	213,764	961,938	1,923,876	160,323	427,528
2017	2,145,000	4,820,241	(1,621,980)	5,343,261	1,656,411	213,730	961,787	1,923,574	160,298	427,461
2018	2,240,000	4,715,979	(1,621,980)	5,333,999	1,653,540	213,360	960,120	1,920,240	160,020	426,720
2019-2023	12,435,000	21,771,988	(7,583,953)	26,623,035	8,253,141	1,064,921	4,792,146	9,584,293	798,691	2,129,843
2024-2028	15,060,000	17,809,677	(6,398,978)	26,470,699	8,205,917	1,058,828	4,764,726	9,529,452	794,121	2,117,656
2029-2033	18,475,000	12,403,424	(4,553,914)	26,324,510	8,160,598	1,052,980	4,738,412	9,476,824	789,735	2,105,961
2034-2038	22,795,000	5,605,241	(2,225,755)	26,174,486	8,114,091	1,046,979	4,711,407	9,422,815	785,235	2,093,959
2039	5,165,000	170,858	(119,601)	5,216,257	1,617,040	208,650	938,926	1,877,853	156,488	417,301
Totals	\$ 84,320,000	\$ 82,270,929	\$ (29,046,710)	\$ 137,544,219	\$ 42,638,709	\$ 5,501,767	\$ 24,757,959	\$ 49,515,922	\$ 4,126,327	\$ 11,003,539

The City of Auburn reports its share of equity interest in the Governmental Activities column within the Government-wide financial statements under non-current assets. The following is condensed (unaudited) financial information as of December 31, 2013 related to SCORE:

South Correctional Entity (SCORE)				
2013 Owner Cities Equity Allocation				
Member City	Percent of Equity	2012 Equity Balance	2013 Distribution	2013 Equity Balance
Auburn	31.00%	\$ 1,368,859	\$ 1,148,378	\$ 2,517,237
Burien	4.00%	176,627	117,696	294,323
Des Moines	1.00%	-	107,970	107,970
Federal Way	22.00%	794,820	1,026,120	1,820,940
Renton	31.00%	1,589,644	958,575	2,548,219
SeaTac	4.00%	132,469	199,239	331,708
Tukwila	7.00%	353,254	248,680	601,934
Grand Totals	100.00%	\$ 4,415,673	\$ 3,806,658	\$ 8,222,331

Completed financial statements for SCORE and SCORE PDA can be obtained at SCORE, 20817 17th Avenue South, Des Moines, WA 98198.

Since the obligation to fund future joint venture-related debt is separately reported as due to other governments, the investment in joint ventures is reported as a combination of this debt with the current reported equity in joint ventures as follows:

Investment in Joint Ventures

	Balance 12/31/2012	Additions	Reductions	Balance 12/31/2013
Valley Communication Public Dev Auth	\$ 647,000	\$ -	\$ (215,000)	\$ 432,000
SCORE Public Development Authority	26,732,850	-	(1,198,150)	25,534,700
Due to Other Governments	27,379,850	-	(1,413,150)	25,966,700
Valley Communications Center	4,783,577	176,069	-	4,959,646
South Correctional Entity (SCORE)	1,368,859	1,148,378	-	2,517,237
Equity Share	6,152,436	1,324,447	-	7,476,883
Total Investment in Joint Ventures				<u>\$ 33,443,583</u>

NOTE 16 – JOINTLY GOVERNED ORGANIZATION / RELATED PARTY

Residents of the cities of Auburn, Algona and Pacific approved in the November 7, 2006 general election the creation of a regional fire authority pursuant to RCW 52.26. The new regional fire protection service authority, called the Valley Regional Fire Authority (VRFA), provides first responder fire and emergency medical services to residents of Auburn, Algona and Pacific. The VRFA is a new municipal corporation, with its own Governing Board, and is legally separate from the three cities it serves. The Governing Board of the VRFA consists of the Mayors of the three cities within the VRFA service area, as well as two Councilmembers from each city. Membership on the Governing Board is made by appointment from the city council of the respective member cities. Effective January 1, 2007, all personnel, assets, equipment and contractual obligations of the former Auburn Fire Department were transferred to the VRFA. Similar transfers were made by the cities of Algona and Pacific.

In accordance with the interlocal agreement at time of formation, each member city retained its obligation for LEOFF 1 firefighter and Fire Relief and Pension Plan obligations. During 2013 Auburn paid \$7,487.25 for the employer’s share of active LEOFF 1 firefighter medical premiums and benefit payments. Premium and benefit payments for retired LEOFF 1 firefighters for 2013 were \$232,118. Medical premiums and benefit payments made under the Fire Relief and Pension Plan for 2013 were \$147,987.

NOTE 17 – CONTINGENCIES AND LITIGATION

As of December 31, 2013, a number of claims were pending against the City for damages and legal actions. While the outcome of these actions is uncertain, no losses are clearly anticipated at this time due to these pending claims. In the event of a liability finding against the City, it is anticipated that any potential adverse judgment against the City also would be subject to coverage under the City's comprehensive liability insurance, including public officials' errors and omission insurance and general liability insurance.

NOTE 18 – RISK MANAGEMENT & INSURANCE

Risk Management

The City is exposed to various risks of loss such as: theft and damage and destruction of assets, errors and omissions, injuries or property damage to others, employees' health, and natural disasters. All risk financing activities are accounted for in the Insurance internal service fund. To insure against risks of loss the City of Auburn is a member of the Washington Cities Insurance Authority (WCIA).

Utilizing Chapter 48.62 RCW (self-insurance regulation) and Chapter 39.34 RCW (Interlocal Cooperation Act), nine cities originally formed WCIA on January 1, 1981. WCIA was created for the purpose of providing a pooling mechanism for jointly purchasing insurance, jointly self-insuring, and / or jointly contracting for risk management services. WCIA has a total of 162 Members.

New members initially contract for a three-year term, and thereafter automatically renew on an annual basis. A one-year withdrawal notice is required before membership can be terminated. Termination does not relieve a former member from its unresolved loss history incurred during membership.

Liability coverage is written on an occurrence basis, without deductibles. Coverage includes general, automobile, police, public officials' errors or omissions, stop gap, and employee benefits liability. Limits are \$4 million per occurrence self insured layer, and \$16 million per occurrence in the re-insured excess layer. The excess layer is insured by the purchase of reinsurance and insurance and is subject to aggregate limits. Total limits are \$20 million per occurrence subject to aggregate sublimits in the excess layers. The Board of Directors determines the limits and terms of coverage annually.

Insurance coverage for property, automobile physical damage, fidelity, inland marine, and boiler and machinery are purchased on a group basis. Various deductibles apply by type of coverage. Property insurance and auto physical damage are self-funded from the members' deductible to \$750,000, for all perils other than flood and earthquake, and insured above that amount by the purchase of insurance.

In-house services include risk management consultation, loss control field services, claims and litigation administration, and loss analyses. WCIA contracts for the claims investigation consultants for personnel issues and land use problems, insurance brokerage, and lobbyist services.

WCIA is fully funded by its members, who make annual assessments on a prospectively rated basis, as determined by an outside, independent actuary. The assessment covers loss, loss adjustment, and administrative expenses. As outlined in the interlocal agreement, WCIA retains the right to additionally assess the membership for any funding shortfall.

An investment committee, using investment brokers, produces additional revenue by investment of WCIA's assets in financial instruments which comply with all State guidelines.

A Board of Directors governs WCIA, which is comprised of one designated representative from each member. The Board elects an Executive Committee and appoints a Treasurer to provide general policy direction for the organization. The WCIA Executive Director reports to the Executive Committee and is responsible for conducting the day to day operations of WCIA.

No settlement has exceeded insurance coverage over the past three years.

Workers' Compensation

Title 51 RCW requires the City to ensure payment of benefits for job-related injuries and diseases through the Workers' Compensation fund or through self-insurance. The City participates in the State of Washington's Workers' Compensation program. Premiums are based on individual employer's reported payroll hours and insurance rates based on each employer's risk classification and past experience. The premium is paid by employer and employee contributions.

NOTE 19 – SUBSEQUENT EVENTS

There have been no material events subsequent to December 31, 2013 to report.



The information presented in the following required schedules was determined as part of the actuarial valuations at the dates indicated.

Firefighter's Pension Fund
January 1, 2013

GASB STATEMENTS No. 25 and No. 27 SCHEDULE OF FUNDING PROGRESS
(rounded to thousands)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liabilities - Entry Age	Unfunded Actuarial Accrued Liabilities (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
January 1, 2001	\$ 3,632	\$ 2,332	\$ (1,300)	155.75%	\$ 58	(2241%)
January 1, 2003	3,514	2,428	(1,086)	144.73%	61	(1780%)
January 1, 2005	3,160	2,172	(988)	145.00%	64	(1544%)
January 1, 2007	2,868	2,802	(66)	102.00%	-	N/A
January 1, 2009	2,941	1,878	(1,063)	157.00%	-	N/A
January 1, 2011	2,780	3,052	272	91.00%	-	N/A
January 1, 2013	2,552	3,387	835	75.00%	-	N/A

This plan primarily covers inactive participants. There are no current member contributions.

Retiree Medical and Long-Term Care Benefits
For LEOFF 1 Employees
January 1, 2014

GASB STATEMENTS No. 43 and No. 45 SCHEDULE OF FUNDING PROGRESS
(rounded to thousands)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liabilities	Unfunded Actuarial Accrued Liabilities (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
January 1, 2008	-	\$ 20,738	\$ 20,738	0%	N/A	N/A
January 1, 2011	-	\$ 26,482	\$ 26,482	0%	N/A	N/A
January 1, 2014	-	26,246	26,246	0%	N/A	N/A



NON-MAJOR GOVERNMENTAL FUNDS

The City has four types of Non-Major Governmental Funds.

Special Revenue Funds

Special revenue funds account for the proceeds of specific revenue sources and are segregated into individual funds to ensure that expenditures are made exclusively for qualified purposes. Special revenue funds are accounted for on a modified accrual basis. Biennial budgets are adopted with appropriations lapsing at year-end.

Debt Service Funds

Debt service funds account for payments of principal and interest on general obligation and special assessment long-term debt.

Capital Project Funds

Capital project funds account for the City of Auburn's financial resources used for the acquisition or construction of major non-proprietary capital facilities.

Permanent Funds

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support City programs that are for the benefit of the City or its citizens.

City of Auburn, Washington
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENT FUNDS
December 31, 2013

	Total Nonmajor Special Revenue Funds	Total Nonmajor Debt Service Funds	Total Nonmajor Capital Projects Funds	Total Nonmajor Permanent Funds	Total Nonmajor Governmental Funds
ASSETS:					
Cash and Cash Equivalents	\$ 8,991,909	\$ 45,788	\$ 1,208,312	\$ 625,440	\$ 10,871,449
Investments	-	-	-	1,000,930	1,000,930
Other Receivables	325,049	-	-	3,194	328,243
Special Assessments	-	496,189	-	-	496,189
Due From Other Governmental Units	54,267	-	41,984	-	96,251
Total Assets	<u>9,371,225</u>	<u>541,977</u>	<u>1,250,296</u>	<u>1,629,564</u>	<u>12,793,062</u>
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Current Payables	379,571	-	216,747	-	596,318
Unearned Revenue	-	496,189	-	-	496,189
Total Liabilities	<u>379,571</u>	<u>496,189</u>	<u>216,747</u>	<u>-</u>	<u>1,092,507</u>
Fund Balances:					
Nonspendable	-	-	-	1,536,316	1,536,316
Restricted	5,514,851	45,788	535,170	-	6,095,809
Committed	3,242,662	-	-	-	3,242,662
Assigned	234,141	-	498,379	93,248	825,768
Unassigned	-	-	-	-	-
Total Fund Balances	<u>8,991,654</u>	<u>45,788</u>	<u>1,033,549</u>	<u>1,629,564</u>	<u>11,700,555</u>
Total Liabilities and Fund Balances	<u>\$ 9,371,225</u>	<u>\$ 541,977</u>	<u>\$ 1,250,296</u>	<u>\$ 1,629,564</u>	<u>\$ 12,793,062</u>

City of Auburn, Washington
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENT FUNDS
For the Year Ended December 31, 2013

	Total Nonmajor Special Revenue	Total Nonmajor Debt Service	Total Nonmajor Capital Projects	Total Nonmajor Permanent	Total Nonmajor Governmental
REVENUES:					
Taxes:					
Property	\$ -	\$ -	\$ 120,217	\$ -	\$ 120,217
Retail Sales & Use	1,942,720	277,292	-	-	2,220,012
Interfund Utility	556,036	-	-	-	556,036
Utility	1,447,193	-	-	-	1,447,193
Excise	90,581	-	-	-	90,581
Other	69,475	-	-	-	69,475
Intergovernmental	462,544	494,710	1,007,771	-	1,965,025
Charges for Services	1,698,830	-	11,111	37,506	1,747,447
Special Assessments	-	40,772	-	-	40,772
Investment Earnings	14,475	28,474	1,624	6,142	50,715
Miscellaneous	79,414	-	41,690	-	121,104
Total Revenues	<u>6,361,268</u>	<u>841,248</u>	<u>1,182,413</u>	<u>43,648</u>	<u>8,428,577</u>
EXPENDITURES:					
Current:					
Security of Persons & Property	290,341	-	-	-	290,341
Transportation	4,148,196	-	-	-	4,148,196
Economic Environment	547,267	-	-	-	547,267
Cultural and Recreation	-	-	794	-	794
Debt Service:					
Principal	-	961,540	-	-	961,540
Interest	-	1,673,262	-	-	1,673,262
Capital Outlay	-	-	1,464,957	-	1,464,957
Total Expenditures	<u>4,985,804</u>	<u>2,634,802</u>	<u>1,465,751</u>	<u>-</u>	<u>9,086,357</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,375,464</u>	<u>(1,793,554)</u>	<u>(283,338)</u>	<u>43,648</u>	<u>(657,780)</u>
OTHER FINANCING SOURCES (USES):					
Transfers In (Note 5)	301,302	1,752,748	279,796	-	2,333,846
Transfers Out (Note 5)	<u>(220,380)</u>	<u>(10,000)</u>	<u>-</u>	<u>-</u>	<u>(230,380)</u>
Total Other Financing Sources (Uses)	<u>80,922</u>	<u>1,742,748</u>	<u>279,796</u>	<u>-</u>	<u>2,103,466</u>
Net Change in Fund Balances	<u>1,456,386</u>	<u>(50,806)</u>	<u>(3,542)</u>	<u>43,648</u>	<u>1,445,686</u>
Fund Balances - Beginning	7,535,268	96,594	1,037,091	1,585,916	10,254,869
Fund Balances - Ending	<u>\$ 8,991,654</u>	<u>\$ 45,788</u>	<u>\$ 1,033,549</u>	<u>\$ 1,629,564</u>	<u>\$ 11,700,555</u>



NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special revenue funds account for the proceeds of specific revenue sources and are segregated into individual funds to ensure that expenditures are made exclusively for qualified purposes. Special revenue funds are accounted for on a modified accrual basis. Annual budgets are adopted with appropriations lapsing each year of the biennium. The City has nine non-major special revenue funds.

The Local Street Fund

This fund was created when Auburn voters approved the Save Our Streets lid lift in 2004 and is used to account for all revenues and expenditures related to this initiative.

Hotel/Motel Tax Fund

This fund was created to account for the hotel/motel taxes levied to support City tourist promotion.

Arterial Street Preservation Fund

This fund was created to repair classified arterial streets and is funded from a one percent utility tax increase that was adopted by Council in 2008.

Drug Forfeiture Fund

Money seized and forfeited from drug activity is deposited in this fund to be used exclusively for drug investigation and enforcement.

The Housing and Community Development Fund

Accounts for projects associated with the Community Development Block Grant program.

The Recreational Trails Fund

Created for the purpose of trail development. This is a tax-supported fund.

The Business Improvement Area Fund

Accounts for special assessments on downtown merchants for ongoing services and for improvements made to the downtown area.

Mitigation Fees

Accounts for the receipt of contracted mitigation fees for streets and fire service.

City of Auburn, Washington
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS
December 31, 2013

Page 1 of 2

	Local Streets	Hotel/ Motel Tax	Arterial Street Preservation	Drug Forfeiture	Housing Community Development
ASSETS:					
Cash and Cash Equivalents	\$ 1,938,064	\$ 135,601	\$ 1,213,022	\$ 721,359	\$ 19,742
Other Receivables	-	-	325,049	-	-
Due From Other Governmental Units	-	-	-	13,363	40,904
Total Assets	<u>1,938,064</u>	<u>135,601</u>	<u>1,538,071</u>	<u>734,722</u>	<u>60,646</u>
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Current Payables	21,158	3,750	55,556	23,369	23,123
Total Liabilities	<u>21,158</u>	<u>3,750</u>	<u>55,556</u>	<u>23,369</u>	<u>23,123</u>
Fund Balances:					
Restricted	-	131,851	-	710,147	37,519
Committed	1,763,391	-	1,479,271	-	-
Assigned	153,515	-	3,244	1,206	4
Unassigned	-	-	-	-	-
Total Fund Balances	<u>1,916,906</u>	<u>131,851</u>	<u>1,482,515</u>	<u>711,353</u>	<u>37,523</u>
Total Liabilities and Fund Balances	<u>\$ 1,938,064</u>	<u>\$ 135,601</u>	<u>\$ 1,538,071</u>	<u>\$ 734,722</u>	<u>\$ 60,646</u>

Recreational Trails	Business Improvement Area	Mitigation Fees	Total Nonmajor Special Revenue Funds
\$ 29,587	\$ 59,801	\$ 4,874,733	\$ 8,991,909
-	-	-	325,049
-	-	-	54,267
<u>29,587</u>	<u>59,801</u>	<u>4,874,733</u>	<u>9,371,225</u>
-	18,649	233,966	379,571
-	<u>18,649</u>	<u>233,966</u>	<u>379,571</u>
29,550	41,068	4,564,716	5,514,851
-	-	-	3,242,662
<u>37</u>	<u>84</u>	<u>76,051</u>	<u>234,141</u>
<u>29,587</u>	<u>41,152</u>	<u>4,640,767</u>	<u>8,991,654</u>
<u>\$ 29,587</u>	<u>\$ 59,801</u>	<u>\$ 4,874,733</u>	<u>\$ 9,371,225</u>

City of Auburn, Washington
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR SPECIAL REVENUE FUNDS
For the Year Ended December 31, 2013

Page 1 of 2

	Local Streets	Hotel/ Motel Tax	Arterial Street Preservation	Drug Forfeiture	Housing Community Development
REVENUES:					
Taxes:					
Retail Sales & Use	\$ 1,942,720	\$ -	\$ -	\$ -	\$ -
Interfund Utility	-	-	556,036	-	-
Utility	-	-	1,447,193	-	-
Excise	-	90,581	-	-	-
Other	-	-	-	-	-
Intergovernmental	-	-	-	42,125	413,319
Charges for Services	-	6,370	-	-	-
Investment Earnings	3,515	179	3,244	1,206	4
Miscellaneous	29,125	-	-	50,289	-
Total Revenues	<u>1,975,360</u>	<u>97,130</u>	<u>2,006,473</u>	<u>93,620</u>	<u>413,323</u>
EXPENDITURES:					
Current:					
Security of Persons and Property	-	-	-	240,341	-
Transportation	1,943,937	-	2,204,259	-	-
Economic Environment	-	75,192	-	-	419,212
Total Expenditures	<u>1,943,937</u>	<u>75,192</u>	<u>2,204,259</u>	<u>240,341</u>	<u>419,212</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>31,423</u>	<u>21,938</u>	<u>(197,786)</u>	<u>(146,721)</u>	<u>(5,889)</u>
OTHER FINANCING SOURCES (USES):					
Transfers In (Note 5)	150,000	-	-	-	-
Transfers Out (Note 5)	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>150,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>181,423</u>	<u>21,938</u>	<u>(197,786)</u>	<u>(146,721)</u>	<u>(5,889)</u>
Fund Balances - Beginning	<u>1,735,483</u>	<u>109,913</u>	<u>1,680,301</u>	<u>858,074</u>	<u>43,412</u>
Fund Balances - Ending	<u>\$ 1,916,906</u>	<u>\$ 131,851</u>	<u>\$ 1,482,515</u>	<u>\$ 711,353</u>	<u>\$ 37,523</u>

Recreational Trails	Business Improvement Area	Mitigation Fees	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ 1,942,720
-	-	-	556,036
-	-	-	1,447,193
-	-	-	90,581
-	69,475	-	69,475
7,100	-	-	462,544
-	-	1,692,460	1,698,830
37	84	6,206	14,475
-	-	-	79,414
<u>7,137</u>	<u>69,559</u>	<u>1,698,666</u>	<u>6,361,268</u>
-	-	50,000	290,341
-	-	-	4,148,196
-	52,863	-	547,267
-	52,863	50,000	4,985,804
<u>7,137</u>	<u>16,696</u>	<u>1,648,666</u>	<u>1,375,464</u>
-	-	151,302	301,302
-	-	(220,380)	(220,380)
-	-	(69,078)	80,922
<u>7,137</u>	<u>16,696</u>	<u>1,579,588</u>	<u>1,456,386</u>
<u>22,450</u>	<u>24,456</u>	<u>3,061,179</u>	<u>7,535,268</u>
<u>\$ 29,587</u>	<u>\$ 41,152</u>	<u>\$ 4,640,767</u>	<u>\$ 8,991,654</u>

City of Auburn, Washington
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
LOCAL STREETS SPECIAL REVENUE FUND
For the Year Ended December 31, 2013

	Budget Amounts		Actual Results	Variance with Final Budget Positive (Negative)
	Original (GAAP Basis)	Final Adopted (GAAP Basis)		
REVENUES:				
Taxes:				
Property	\$ 1,474,250	\$ 1,474,250	\$ 1,942,720	\$ 468,470
Investment Earnings	3,350	3,350	3,515	165
Miscellaneous	-	-	29,125	29,125
Total Revenues	<u>1,477,600</u>	<u>1,477,600</u>	<u>1,975,360</u>	<u>497,760</u>
EXPENDITURES:				
Current:				
Transportation	128,080	128,080	1,943,937	(1,815,857)
Capital Outlay	2,346,170	2,736,170	-	2,736,170
Total Expenditures	<u>2,474,250</u>	<u>2,864,250</u>	<u>1,943,937</u>	<u>920,313</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(996,650)</u>	<u>(1,386,650)</u>	<u>31,423</u>	<u>1,418,073</u>
OTHER FINANCING SOURCES (USES):				
Transfers In (Note 5)	150,000	150,000	150,000	-
Total Other Financing Sources (Uses)	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>	<u>-</u>
Net Change in Fund Balances	<u>(846,650)</u>	<u>(1,236,650)</u>	<u>181,423</u>	<u>1,418,073</u>
Fund Balances - Beginning	1,117,320	1,735,483	1,735,483	-
Fund Balances - Ending	<u>\$ 270,670</u>	<u>\$ 498,833</u>	<u>\$ 1,916,906</u>	<u>\$ 1,418,073</u>

City of Auburn, Washington
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
HOTEL/MOTEL TAX SPECIAL REVENUE FUND
 For the Year Ended December 31, 2013

	Budget Amounts		Actual Results	Variance with Final Budget Positive (Negative)
	Original (GAAP Basis)	Final Adopted (GAAP Basis)		
REVENUES:				
Taxes:				
Excise	\$ 70,000	\$ 70,000	\$ 90,581	\$ 20,581
Charges for Services	9,100	9,100	6,370	(2,730)
Investment Earnings	150	150	179	29
Total Revenues	<u>79,250</u>	<u>79,250</u>	<u>97,130</u>	<u>17,880</u>
EXPENDITURES:				
Current:				
Economic Environment	<u>85,000</u>	<u>85,000</u>	<u>75,192</u>	<u>9,808</u>
Total Expenditures	<u>85,000</u>	<u>85,000</u>	<u>75,192</u>	<u>9,808</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(5,750)</u>	<u>(5,750)</u>	<u>21,938</u>	<u>27,688</u>
Net Change in fund Balances	<u>(5,750)</u>	<u>(5,750)</u>	<u>21,938</u>	<u>27,688</u>
Fund Balances - Beginning	91,931	109,913	109,913	-
Fund Balances - Ending	<u>\$ 86,181</u>	<u>\$ 104,163</u>	<u>\$ 131,851</u>	<u>\$ 27,688</u>

City of Auburn, Washington
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
ARTERIAL STREET PRESERVATION SPECIAL REVENUE FUND
For the Year Ended December 31, 2013

	Budget Amounts		Actual Results	Variance with Final Budget Positive (Negative)
	Original (GAAP Basis)	Final Adopted (GAAP Basis)		
REVENUES:				
Taxes:				
Interfund Utility	\$ 495,956	\$ 495,956	\$ 556,036	\$ 60,080
Utility	1,504,032	1,504,032	1,447,193	(56,839)
Intergovernmental	560,000	560,000	-	(560,000)
Investment Earnings	1,500	1,500	3,244	1,744
Total Revenues	2,561,488	2,561,488	2,006,473	(555,015)
EXPENDITURES:				
Current:				
Transportation	2,630,920	2,854,410	2,204,259	650,151
Capital Outlay	-	1,510	-	1,510
Total Expenditures	2,630,920	2,855,920	2,204,259	651,661
Excess (Deficiency) of Revenues Over (Under) Expenditures	(69,432)	(294,432)	(197,786)	96,646
Net Change in Fund Balances	(69,432)	(294,432)	(197,786)	96,646
Fund Balances - Beginning	1,654,369	1,680,301	1,680,301	-
Fund Balances - Ending	\$ 1,584,937	\$ 1,385,869	\$ 1,482,515	\$ 96,646

City of Auburn, Washington
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
DRUG FORFEITURE SPECIAL REVENUE FUND
For the Year Ended December 31, 2013

	Budget Amounts		Actual Results	Variance with Final Budget Positive (Negative)
	Original (GAAP Basis)	Final Adopted (GAAP Basis)		
REVENUES:				
Taxes:				
Intergovernmental	\$ 30,000	\$ 30,000	\$ 42,125	\$ 12,125
Investment Earnings	1,300	1,300	1,206	(94)
Miscellaneous	250,000	250,000	50,289	(199,711)
Total Revenues	<u>281,300</u>	<u>281,300</u>	<u>93,620</u>	<u>(187,680)</u>
EXPENDITURES:				
Current:				
Security of Persons & Property	282,922	283,154	240,341	42,813
Capital Outlay	-	17,268	-	17,268
Total Expenditures	<u>282,922</u>	<u>300,422</u>	<u>240,341</u>	<u>60,081</u>
Excess (Deficiency of Revenues Over (Under) Expenditures	<u>(1,622)</u>	<u>(19,122)</u>	<u>(146,721)</u>	<u>(127,599)</u>
Net Change in Fund Balances	<u>(1,622)</u>	<u>(19,122)</u>	<u>(146,721)</u>	<u>(127,599)</u>
Fund Balances - Beginning	919,090	858,074	858,074	-
Fund Balances - Ending	<u>\$ 917,468</u>	<u>\$ 838,952</u>	<u>\$ 711,353</u>	<u>\$ (127,599)</u>

City of Auburn, Washington
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
HOUSING & COMMUNITY DEVELOPMENT SPECIAL REVENUE FUND
For the Year Ended December 31, 2013

	Budget Amounts		Actual Results	Variance with Final Budget Positive (Negative)
	Original (GAAP Basis)	Final Adopted (GAAP Basis)		
REVENUES:				
Intergovernmental	\$ 450,000	\$ 592,000	\$ 413,319	\$ (178,681)
Investment Earnings	-	-	4	4
Total Revenues	<u>450,000</u>	<u>592,000</u>	<u>413,323</u>	<u>(178,677)</u>
EXPENDITURES:				
Current:				
Economic Environment	460,000	602,000	419,212	182,788
Total Expenditures	<u>460,000</u>	<u>602,000</u>	<u>419,212</u>	<u>182,788</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(10,000)</u>	<u>(10,000)</u>	<u>(5,889)</u>	<u>4,111</u>
Net Change in Fund Balances	<u>(10,000)</u>	<u>(10,000)</u>	<u>(5,889)</u>	<u>4,111</u>
Fund Balances - Beginning	55,647	43,412	43,412	-
Fund Balances - Ending	<u>\$ 45,647</u>	<u>\$ 33,412</u>	<u>\$ 37,523</u>	<u>\$ 4,111</u>

City of Auburn, Washington
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
RECREATION TRAILS SPECIAL REVENUE FUND
For the Year Ended December 31, 2013

	Budget Amounts		Actual Results	Variance with Final Budget Positive (Negative)
	Original (GAAP Basis)	Final Adopted (GAAP Basis)		
REVENUES:				
Intergovernmental	\$ 7,100	\$ 7,100	\$ 7,100	\$ -
Investment Earnings	20	20	37	17
Total Revenues	<u>7,120</u>	<u>7,120</u>	<u>7,137</u>	<u>17</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>7,120</u>	<u>7,120</u>	<u>7,137</u>	<u>17</u>
Net Change in Fund Balances	<u>7,120</u>	<u>7,120</u>	<u>7,137</u>	<u>17</u>
Fund Balances - Beginning	22,451	22,451	22,450	(1)
Fund Balances - Ending	<u>\$ 29,571</u>	<u>\$ 29,571</u>	<u>\$ 29,587</u>	<u>\$ 16</u>

City of Auburn, Washington
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
BUSINESS IMPROVEMENT AREA SPECIAL REVENUE FUND
For the Year Ended December 31, 2013

	Budget Amounts		Actual Results	Variance with Final Budget Positive (Negative)
	Original (GAAP Basis)	Final Adopted (GAAP Basis)		
REVENUES:				
Other	\$ 55,000	\$ 55,000	69,475	\$ 14,475
Investment Earnings	40	40	84	44
Total Revenues	<u>55,040</u>	<u>55,040</u>	<u>69,559</u>	<u>14,519</u>
EXPENDITURES:				
Current:				
Economic Environment	55,000	55,000	52,863	2,137
Total Expenditures	<u>55,000</u>	<u>55,000</u>	<u>52,863</u>	<u>2,137</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>40</u>	<u>40</u>	<u>16,696</u>	<u>16,656</u>
Net Change in Fund Balances	<u>40</u>	<u>40</u>	<u>16,696</u>	<u>16,656</u>
Fund Balances - Beginning	21,640	24,456	24,456	-
Fund Balances - Ending	<u>\$ 21,680</u>	<u>\$ 24,496</u>	<u>\$ 41,152</u>	<u>\$ 16,656</u>

City of Auburn, Washington
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
CUMULATIVE RESERVE SPECIAL REVENUE FUND
For the Year Ended December 31, 2013

	Budget Amounts		Actual Results	Variance with Final Budget Positive (Negative)
	Original (GAAP Basis)	Final Adopted (GAAP Basis)		
REVENUES:				
Investment Earnings	\$ 3,000	\$ 3,000	\$ 7,511	\$ 4,511
Total Revenues	<u>3,000</u>	<u>3,000</u>	<u>7,511</u>	<u>4,511</u>
EXPENDITURES:				
Debt Service:				
Principal	215,000	215,000	204,880	10,120
Interest and Other Costs	25,880	25,880	-	25,880
Total Expenditures	<u>240,880</u>	<u>240,880</u>	<u>204,880</u>	<u>36,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(237,880)</u>	<u>(237,880)</u>	<u>(197,369)</u>	<u>40,511</u>
OTHER FINANCING SOURCES (USES):				
Transfers In (Note 5)	-	2,000,000	2,000,000	-
Transfers Out (Note 5)	(1,375,229)	(1,376,229)	(927,461)	448,768
Total Other Financing Sources (Uses)	<u>(1,375,229)</u>	<u>623,771</u>	<u>1,072,539</u>	<u>448,768</u>
Net Change in Fund Balances	<u>(1,613,109)</u>	<u>385,891</u>	<u>875,170</u>	<u>489,279</u>
Fund Balances - Beginning	7,313,905	7,352,958	7,352,958	-
Fund Balances - Ending	<u>\$ 5,700,796</u>	<u>\$ 7,738,849</u>	<u>\$ 8,228,128</u>	<u>\$ 489,279</u>

**RECONCILIATION OF PERSPECTIVE DIFFERENCE BETWEEN BUDGETARY INFORMATION AND
GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP):**

The Cumulative Reserve Fund is combined with
the General Fund for purposes of GASB Statement 54

(8,228,128)

Fund Balance - Ending (GAAP)

\$ -

The notes to the financial statements are an integral part of this statement.

City of Auburn, Washington
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
MITIGATION SPECIAL REVENUE FUND
For the Year Ended December 31, 2013

	Budget Amounts		Actual Results	Variance with Final Budget Positive (Negative)
	Original (GAAP Basis)	Final Adopted (GAAP Basis)		
REVENUES:				
TAXES:				
Charges for Services	\$ 875,000	\$ 875,000	\$ 1,692,460	\$ 817,460
Investment Earnings	5,000	5,000	6,206	1,206
Total Revenues	<u>880,000</u>	<u>880,000</u>	<u>1,698,666</u>	<u>818,666</u>
EXPENDITURES:				
Current:				
Security of Person & Property	50,000	50,000	50,000	-
Total Expenditures	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>830,000</u>	<u>830,000</u>	<u>1,648,666</u>	<u>818,666</u>
OTHER FINANCING SOURCES (USES):				
Transfers In (Note 5)	-	151,300	151,302	2
Transfers Out (Note 5)	(667,210)	(822,724)	(220,380)	602,344
Total Other Financing Sources (Uses)	<u>(667,210)</u>	<u>(671,424)</u>	<u>(69,078)</u>	<u>602,346</u>
Net Change in Fund Balances	<u>162,790</u>	<u>158,576</u>	<u>1,579,588</u>	<u>1,421,012</u>
Fund Balances - Beginning	2,368,612	3,061,179	3,061,179	-
Fund Balances - Ending	<u>\$ 2,531,402</u>	<u>\$ 3,219,755</u>	<u>\$ 4,640,767</u>	<u>\$ 1,421,012</u>

NON-MAJOR GOVERNMENTAL FUNDS

DEBT SERVICE FUNDS

Debt service funds account for payments of principal and interest on general obligation and special assessment long-term debt. The City of Auburn has one outstanding general obligation issue, and three special assessment funds.

The 2010 A Series General Obligation Bonds (refunding portion)

Accounts for debt service on a Council-approved bond issue to partially advance refund the 1998 General Obligation Library Bonds.

The 2010 A Series (non-refunding portion) and B Series General Obligation Bonds

Accounts for debt service on a Council-approved bond issue to finance acquisition costs of certain condominium units in the City Hall Annex.

The 2010 C Series and 2010 D Series General Obligation Bonds

Accounts for the debt service on a Council-approved bond issue to finance a portion of the downtown infrastructure improvements in the City's revitalization area.

The L.I.D. Guarantee Fund

This fund provides financial security for outstanding L.I.D. bonds and special assessment debt.

Special Assessment Debt Fund

Accounts for the special assessment collections and debt service payments for all local improvement districts located within the City.

City of Auburn, Washington
COMBINING BALANCE SHEET
NON-MAJOR DEBT SERVICE FUNDS
 December 31, 2013

	GO Library Refunding Bond Debt	2010 A & B Annex	2010 C & D Local Revitalization	LID Guarantee	Special Assessments	Total Nonmajor Debt Service Funds
ASSETS:						
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ 34,524	\$ 11,264	\$ 45,788
Special Assessments	-	-	-	-	496,189	496,189
Total Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,524</u>	<u>507,453</u>	<u>541,977</u>
LIABILITIES AND FUND BALANCES:						
Liabilities:						
Unearned Revenue	-	-	-	-	496,189	496,189
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>496,189</u>	<u>496,189</u>
Fund Balances:						
Restricted	-	-	-	34,524	11,264	45,788
Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,524</u>	<u>11,264</u>	<u>45,788</u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,524</u>	<u>\$ 507,453</u>	<u>\$ 541,977</u>

City of Auburn, Washington
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NON-MAJOR DEBT SERVICE FUNDS
For the Year Ended December 31, 2013

	GO Library Refunding Bond Debt	2,010 A & B Annex	2,010 C & D Local Revitalization	L I D Guarantee	Special Assessments	Total Nonmajor Debt Service Funds
REVENUES:						
Taxes:						
Retail Sales & Use	\$ -	\$ -	\$ 277,292	\$ -	\$ -	\$ 277,292
Special Assessments	-	-	-	-	40,772	40,772
Intergovernmental	-	374,018	120,692	-	-	494,710
Investment Earnings	96	-	183	53	28,142	28,474
Total Revenues	96	374,018	398,167	53	68,914	841,248
EXPENDITURES:						
Debt Service:						
Principal	220,000	500,000	205,000	-	36,540	961,540
Interest	60,300	1,196,517	389,367	-	27,078	1,673,262
Total Expenditures	280,300	1,696,517	594,367	-	63,618	2,634,802
Excess (Deficiency) of Revenues Over (Under) Expenditures	(280,204)	(1,322,499)	(196,200)	53	5,296	(1,793,554)
OTHER FINANCING SOURCES (USES):						
Transfers In (Note 5)	234,049	1,322,499	196,200	-	-	1,752,748
Transfers Out (Note 5)	-	-	-	(10,000)	-	(10,000)
Total Other Financing Sources (Uses)	234,049	1,322,499	196,200	(10,000)	-	1,742,748
Net Change in Fund Balances	(46,155)	-	-	(9,947)	5,296	(50,806)
Fund Balances - Beginning	46,155	-	-	44,471	5,968	96,594
Fund Balances - Ending	\$ -	\$ -	\$ -	\$ 34,524	\$ 11,264	\$ 45,788



NON-MAJOR GOVERNMENTAL FUNDS

CAPITAL PROJECT FUNDS

Capital projects funds account for the City of Auburn's financial resources used for the acquisition or construction of major non-proprietary capital facilities. Auburn has two non-major capital project funds.

The Municipal Park Construction Fund

Accounts for park related construction activity and includes funding from a portion of field rental income and adult athletic team fees.

The Local Revitalization Fund

Accounts for the City Hall Plaza and the Downtown Promenade project.

City of Auburn, Washington
COMBINING BALANCE SHEET
CAPITAL PROJECT FUND
 December 31, 2013

	Municipal Park Construction	Local Revitalization	Nonmajor Capital Project Funds
ASSETS:			
Cash and Cash Equivalents	\$ 649,242	\$ 559,070	\$ 1,208,312
Due From Other Governmental Units	41,984	-	41,984
Total Assets	<u>691,226</u>	<u>\$ 559,070</u>	<u>\$ 1,250,296</u>
LIABILITIES AND FUND BALANCES:			
Liabilities:			
Current Payables	216,747	-	216,747
Total Liabilities	<u>216,747</u>	<u>-</u>	<u>216,747</u>
Fund Balances:			
Restricted	474,479	60,691	535,170
Assigned	-	498,379	498,379
Total Fund Balances	<u>474,479</u>	<u>559,070</u>	<u>1,033,549</u>
Total Liabilities and Fund Balances	<u>\$ 691,226</u>	<u>\$ 559,070</u>	<u>\$ 1,250,296</u>

City of Auburn, Washington
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
CAPITAL PROJECT FUND
For the Year Ended December 31, 2013

	Municipal Park Construction	Local Revitalization	Nonmajor Capital Project Funds
REVENUES:			
Taxes:			
Property	\$ 120,217	\$ -	\$ 120,217
Intergovernmental	947,079	60,692	1,007,771
Charges for Services	11,111	-	11,111
Investment Earnings	759	865	1,624
Miscellaneous	41,690	-	41,690
Total Revenues	<u>1,120,856</u>	<u>61,557</u>	<u>1,182,413</u>
EXPENDITURES:			
Cultural and Recreation	794	-	794
Capital Outlay	1,355,494	109,463	1,464,957
Total Expenditures	<u>1,356,288</u>	<u>109,463</u>	<u>1,465,751</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(235,432)</u>	<u>(47,906)</u>	<u>(283,338)</u>
OTHER FINANCING SOURCES (USES):			
Transfers In (Note 5)	279,796	-	279,796
Total Other Financing Sources (Uses)	<u>279,796</u>	<u>-</u>	<u>279,796</u>
Net Change in Fund Balances	<u>44,364</u>	<u>(47,906)</u>	<u>(3,542)</u>
Fund Balances - Beginning	430,115	606,976	1,037,091
Fund Balances - Ending	<u>\$ 474,479</u>	<u>\$ 559,070</u>	<u>\$ 1,033,549</u>



NON-MAJOR GOVERNMENTAL FUNDS

PERMANENT FUNDS

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support City programs that are for the benefit of the City or its citizens. Auburn has one permanent fund.

The Cemetery Endowed Care Fund

Accounts for non-expendable investments held by the City's trustee. The interest income from investments is available for use by the cemetery fund for capital enhancement and maintenance.

City of Auburn, Washington
BALANCE SHEET
PERMANENT FUND
 December 31, 2013

	Cemetery Endowed Care
<hr/>	
ASSETS:	
Cash and Cash Equivalents	
Non-Expendable Trust	\$ 625,440
Investments	1,000,930
Other Receivables	<u>3,194</u>
Total Assets	<u><u>1,629,564</u></u>
 FUND BALANCES:	
Nonspendable	1,536,316
Assigned	<u>93,248</u>
Total Fund Balances	<u><u>1,629,564</u></u>
 Total Liabilities and Fund Balances	 <u><u>\$ 1,629,564</u></u>

City of Auburn, Washington
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
PERMANENT FUND
 For the Year Ended December 31, 2013

		Cemetery Endowed Care
<hr/>		
REVENUES:		
Increase to Endowment from Lot Sales	\$	37,506
Investment Earnings		6,142
Total Revenues		<u>43,648</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures		 <u>43,648</u>
 Net Change in Fund Balance		 <u>43,648</u>
Fund Balance - Beginning		<u>1,585,916</u>
Fund Balance - Ending	\$	<u><u>1,629,564</u></u>



NON-MAJOR PROPRIETARY FUNDS

ENTERPRISE FUNDS

The City's enterprise funds are used to account for operations that are financed and operated in a manner similar to private business operations. The goods and services these funds provide to the general public are primarily financed by service charges. Enterprise funds are self-supporting and use the accrual method of accounting. Auburn has two non-major enterprise funds.

The Airport Fund

Provides accounting of the activities of the Auburn Municipal Airport. Sources of income for the fund are leases, rentals, fuel charges, investment interest, and grant funding as available.

The Cemetery Fund

Accounts for Mountain View Cemetery's operations.

City of Auburn, Washington
COMBINING STATEMENT OF NET POSITION
NON-MAJOR ENTERPRISE FUNDS
December 31, 2013

	Airport	Cemetery	Total Nonmajor Enterprise Funds
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	\$ 908,031	\$ 295,251	\$ 1,203,282
Restricted Cash:			
Customer Deposits	52,409	-	52,409
Due From Other Governmental Units	84,851	-	84,851
Inventories	-	13,365	13,365
Total Current Assets	<u>1,045,291</u>	<u>308,616</u>	<u>1,353,907</u>
Noncurrent Assets:			
Capital Assets:			
Land	3,653,343	342,836	3,996,179
Buildings and Equipments	2,643,397	1,022,267	3,665,664
Improvements Other Than Buildings	8,608,183	1,143,417	9,751,600
Construction in Progress	207,982	-	207,982
Less: Accumulated Depreciation	<u>(5,807,148)</u>	<u>(1,363,388)</u>	<u>(7,170,536)</u>
Total Capital Assets (Net of A/D)	<u>9,305,757</u>	<u>1,145,132</u>	<u>10,450,889</u>
Total Noncurrent Assets	<u>9,305,757</u>	<u>1,145,132</u>	<u>10,450,889</u>
Total Assets	<u>10,351,048</u>	<u>1,453,748</u>	<u>11,804,796</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred Outflow from Bond Refunding	<u>49,856</u>	<u></u>	<u>49,856</u>
LIABILITIES:			
Current Liabilities:			
Current Payables	66,598	46,682	113,280
Employee Leave Benefits - Current	2,157	13,601	15,758
General Obligation Bonds Payable - Current	125,000	-	125,000
Customer Deposits	52,409	-	52,409
Total Current Liabilities	<u>246,164</u>	<u>60,283</u>	<u>306,447</u>
Noncurrent Liabilities:			
Employee Leave Benefits	644	4,055	4,699
General Obligation Bonds Payable	835,230	500,528	1,335,758
Total Noncurrent Liabilities	<u>835,874</u>	<u>504,583</u>	<u>1,340,457</u>
Total Liabilities	<u>1,082,038</u>	<u>564,866</u>	<u>1,646,904</u>
NET POSITION:			
Invested in Capital Assets, Net of Related Debt	8,345,527	644,604	8,990,131
Unrestricted	<u>973,339</u>	<u>244,278</u>	<u>1,217,617</u>
Total Net Position	<u>\$ 9,318,866</u>	<u>\$ 888,882</u>	<u>\$ 10,207,748</u>

City of Auburn, Washington
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
NON-MAJOR ENTERPRISE FUNDS
For the Year Ended December 31, 2013

	Airport	Cemetery	Total Nonmajor Enterprise Funds
OPERATING REVENUES:			
Charges for Services	\$ 25,861	\$ 943,646	\$ 969,507
Other Operating Revenue	606,456	-	606,456
Total Operating Revenues	<u>632,317</u>	<u>943,646</u>	<u>1,575,963</u>
OPERATING EXPENSES:			
Operations & Maintenance	14,471	595,431	609,902
Administration	464,826	236,706	701,532
Depreciation/Amortization	403,105	57,683	460,788
Other Operating Expenses	171	12,219	12,390
Total Operating Expenses	<u>882,573</u>	<u>902,039</u>	<u>1,784,612</u>
Operating Income (Loss)	<u>(250,256)</u>	<u>41,607</u>	<u>(208,649)</u>
NON-OPERATING REVENUE (EXPENSE):			
Interest Revenue	1,545	400	1,945
Other Non-Operating Revenues	10,383	677	11,060
Interest Revenue (Expense)	(51,212)	(21,428)	(72,640)
Total Non-Operating Revenue (Expense)	<u>(39,284)</u>	<u>(20,351)</u>	<u>(59,635)</u>
Income (Loss) Before Contributions & Transfers	<u>(289,540)</u>	<u>21,256</u>	<u>(268,284)</u>
Capital Contributions	188,783	-	188,783
Change in Net Position	<u>(100,757)</u>	<u>21,256</u>	<u>(79,501)</u>
Net Position, January 1, as Previously Reported	9,439,263	872,103	10,311,366
Change in Accounting Principle	(19,640)	(4,477)	(24,117)
Net Position, January 1, as Restated	<u>9,419,623</u>	<u>867,626</u>	<u>10,287,249</u>
Net Position, December 31	<u>\$ 9,318,866</u>	<u>\$ 888,882</u>	<u>\$ 10,207,748</u>

City of Auburn, Washington
COMBINING STATEMENT OF CASH FLOWS
NON-MAJOR ENTERPRISE FUNDS
 For the Fiscal Year Ended December 31, 2013

Page 1 of 2

	Airport	Cemetery	Total Non Major Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Received From Users	\$ 636,606	\$ 943,646	\$ 1,580,252
Cash Paid to Suppliers for Goods & Services	(420,641)	(253,071)	(673,712)
Cash Paid for Taxes	(171)	(12,219)	(12,390)
Cash Paid to Employees	(27,238)	(579,150)	(606,388)
Other Non-Operating Revenue	5,571	-	5,571
Net Cash Provided (Used) By Operating Activities	<u>194,127</u>	<u>99,206</u>	<u>293,333</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Operating Grant Received	4,812	-	4,812
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>4,812</u>	<u>-</u>	<u>4,812</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Purchase of Capital Assets	(200,222)	-	(200,222)
Contributed Capital	188,783	-	188,783
Capital Grant	(45,936)	-	(45,936)
Principal Payment on Debt	(115,000)	-	(115,000)
Interest Payment on Debt	(46,275)	(22,268)	(68,543)
Net Cash Provided (Used) for Capital and Related Financing Activities	<u>(218,650)</u>	<u>(22,268)</u>	<u>(240,918)</u>
CASH FLOW FROM INVESTING ACTIVITIES:			
Interest Received	1,545	1,078	2,623
Net Cash Provided (Used) in Investing Activities	<u>1,545</u>	<u>1,078</u>	<u>2,623</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(18,166)</u>	<u>78,016</u>	<u>59,850</u>
Cash and Cash Equivalents - Beginning of Year	<u>978,606</u>	<u>217,235</u>	<u>1,195,841</u>
Cash and Cash Equivalents - End of Year	<u>\$ 960,440</u>	<u>\$ 295,251</u>	<u>\$ 1,255,691</u>
CASH AT END OF YEAR CONSISTS OF:			
Cash and Cash Equivalents	908,031	295,251	1,203,282
Restricted Cash - Customer Deposits	52,409	-	52,409
Total Cash	<u>\$ 960,440</u>	<u>\$ 295,251</u>	<u>\$ 1,255,691</u>

City of Auburn, Washington
COMBINING STATEMENT OF CASH FLOWS
NON-MAJOR ENTERPRISE FUNDS
 For the Fiscal Year Ended December 31, 2013

	Airport	Cemetery	Total Non Major Enterprise Funds
RECONCILIATION OF NET OPERATING INCOME TO NEW CASH PROVIDED BY OPERATING ACTIVITIES			
Operating Income (Loss)	\$ (250,256)	\$ 41,607	\$ (208,649)
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Depreciation	403,105	57,683	460,788
Asset (Increases) Decreases:			
Miscellaneous A/R Revenue	5,571	-	5,571
Inventory	-	719	719
Liability Increases (Decreases):			
Accounts & Vouchers Payable	31,066	1,134	32,200
Deposits Payable	4,289	-	4,289
Wages & Benefits Payable	44	(3,672)	(3,628)
Compensated Absences Payable	308	1,735	2,043
Total Adjustments	444,383	57,599	501,982
Net Cash Provided (Used) by Operating Activities	\$ 194,127	\$ 99,206	\$ 293,333
SCHEDULE OF NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES			
Total Non Cash Investing, Capital and Financing Activities	\$ -	\$ -	\$ -



NON-MAJOR PROPRIETARY FUNDS

INTERNAL SERVICE FUNDS

The City of Auburn's internal service funds are used to account for the financing of goods and services provided by one department of operation to other departments on a cost reimbursement basis. Internal service funds are self-supporting and use the accrual method of accounting. Auburn has four internal service funds.

The Insurance Fund

Provides a source of funds to pay unemployment claims and property and casualty claims which fall below deductible levels.

The Facilities Funds

Accounts for the costs of maintaining various City facilities.

The Information Services Fund

Accounts for the costs of purchasing and maintaining the City's various computer and telecommunications systems.

The Equipment Rental Fund

Accounts for the costs of purchasing, maintaining, and operating Auburn's fleet of vehicles and related equipment.

City of Auburn, Washington
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
December 31, 2013

	Insurance	Facilities	Information Services	Equipment Rental	Total
ASSETS:					
Current Assets:					
Cash and Cash Equivalents	\$ 1,815,842	\$ 2,085,450	\$ 3,851,084	\$ 6,154,480	\$ 13,906,856
Customer Accounts	-	98,913	-	-	98,913
Due From Other Governmental Units	-	-	3,053	-	3,053
Inventories	-	-	-	201,114	201,114
Total Current Assets	<u>1,815,842</u>	<u>2,184,363</u>	<u>3,854,137</u>	<u>6,355,594</u>	<u>14,209,936</u>
Capital Assets:					
Buildings and Equipment	-	-	5,575,587	12,366,893	17,942,480
Improvements Other than Buildings	-	-	7,497	109,661	117,158
Less: Accumulated Depreciation	-	-	(4,299,727)	(7,634,625)	(11,934,352)
Total Capital Assets (Net of A/D)	<u>-</u>	<u>-</u>	<u>1,283,357</u>	<u>4,841,929</u>	<u>6,125,286</u>
Total Noncurrent Assets	<u>-</u>	<u>-</u>	<u>1,283,357</u>	<u>4,841,929</u>	<u>6,125,286</u>
Total Assets	<u>1,815,842</u>	<u>2,184,363</u>	<u>5,137,494</u>	<u>11,197,523</u>	<u>20,335,222</u>
LIABILITIES:					
Current Liabilities:					
Current Payables	111	207,852	448,125	435,149	1,091,237
Customer Deposits	-	2,500	-	-	2,500
Employee Leave Benefits - Current	-	27,631	65,417	36,949	129,997
Total Current Liabilities	<u>111</u>	<u>237,983</u>	<u>513,542</u>	<u>472,098</u>	<u>1,223,734</u>
Noncurrent Liabilities					
Employee Leave Benefits	-	8,239	19,507	11,018	38,764
Total Noncurrent Liabilities	<u>-</u>	<u>8,239</u>	<u>19,507</u>	<u>11,018</u>	<u>38,764</u>
Total Liabilities	<u>111</u>	<u>246,222</u>	<u>533,049</u>	<u>483,116</u>	<u>1,262,498</u>
NET POSITION:					
Invested in Capital Assets, Net of Related Debt	-	-	1,283,357	4,841,929	6,125,286
Unrestricted	<u>1,815,731</u>	<u>1,938,141</u>	<u>3,321,088</u>	<u>5,872,478</u>	<u>12,947,438</u>
Total Net Position	<u>\$ 1,815,731</u>	<u>\$ 1,938,141</u>	<u>\$ 4,604,445</u>	<u>\$ 10,714,407</u>	<u>\$ 19,072,724</u>

City of Auburn, Washington
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2013

	Insurance	Facilities	Information Services	Equipment Rental	Total
OPERATING REVENUES:					
Charges for Services	\$ -	\$ 3,507,467	\$ 4,835,649	\$ 2,982,367	\$ 11,325,483
Other Operating Revenue	-	121,154	103,696	-	224,850
Total Operating Revenues	<u>-</u>	<u>3,628,621</u>	<u>4,939,345</u>	<u>2,982,367</u>	<u>11,550,333</u>
OPERATING EXPENSES:					
Operations & Maintenance	-	2,589,688	4,042,615	1,323,149	7,955,452
Administration	215,150	-	-	880,397	1,095,547
Depreciation/Amortization	-	-	467,317	697,048	1,164,365
Total Operating Expenses	<u>215,150</u>	<u>2,589,688</u>	<u>4,509,932</u>	<u>2,900,594</u>	<u>10,215,364</u>
Operating Income (Loss)	<u>(215,150)</u>	<u>1,038,933</u>	<u>429,413</u>	<u>81,773</u>	<u>1,334,969</u>
NON-OPERATING REVENUE (EXPENSE):					
Interest Revenue	2,200	2,801	5,072	8,900	18,973
Other Non-Operating Revenues	-	217,121	526	38,531	256,178
Gain (Loss) on Sale of Capital Assets	-	-	-	(10,858)	(10,858)
Total Non-Operating Revenue (Expense)	<u>2,200</u>	<u>219,922</u>	<u>5,598</u>	<u>36,573</u>	<u>264,293</u>
Income (Loss) Before Contributions	<u>(212,950)</u>	<u>1,258,855</u>	<u>435,011</u>	<u>118,346</u>	<u>1,599,262</u>
Transfers In (Note 5)	-	-	100,140	100,140	200,280
Transfers Out (Note 5)	-	(736,685)	-	(7,000)	(743,685)
Change in Net Position	<u>(212,950)</u>	<u>522,170</u>	<u>535,151</u>	<u>211,486</u>	<u>1,055,857</u>
Total Net Position - Beginning	<u>2,028,681</u>	<u>1,415,971</u>	<u>4,069,294</u>	<u>10,502,921</u>	<u>18,016,867</u>
Total Net Position - Ending	<u>\$ 1,815,731</u>	<u>\$ 1,938,141</u>	<u>\$ 4,604,445</u>	<u>\$ 10,714,407</u>	<u>\$ 19,072,724</u>

City of Auburn, Washington
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended December 31, 2013

Page 1 of 2

	Insurance	Facilities	Information Services	Equipment Rental	Total
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash Received From Users	\$ -	\$ 3,581,926	\$ 4,938,315	\$ 2,982,367	\$ 11,502,608
Cash Paid to Suppliers for Goods & Services	(211,870)	(1,797,006)	(1,943,768)	(1,293,893)	(5,246,537)
Cash Paid for Taxes	(3,400)	-	-	-	(3,400)
Cash Paid to Employees	-	(890,585)	(1,950,988)	(682,995)	(3,524,568)
Other Non-Operating Revenue	-	-	526	208	734
Net Cash Provided (Used) By Operating Activities	<u>(215,270)</u>	<u>894,335</u>	<u>1,044,085</u>	<u>1,005,687</u>	<u>2,728,837</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Operating Grant Received	-	217,121	-	-	217,121
Transfers In	-	-	100,140	100,140	200,280
Transfers Out	-	(736,685)	-	(7,000)	(743,685)
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>-</u>	<u>(519,564)</u>	<u>100,140</u>	<u>93,140</u>	<u>(326,284)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Proceeds from Sale of Equipment	-	-	-	23,801	23,801
Purchase of Capital Assets	-	-	(475,772)	(587,912)	(1,063,684)
Proceeds from Insurance Settlement	-	-	-	38,323	38,323
Net Cash Provided (Used) for Capital and Related Financing Activities	<u>-</u>	<u>-</u>	<u>(475,772)</u>	<u>(525,788)</u>	<u>(1,001,560)</u>
CASH FLOW FROM INVESTING ACTIVITIES:					
Interest Received	2,200	2,801	5,072	8,900	18,973
Net Cash Provided (Used) in Investing Activities	<u>2,200</u>	<u>2,801</u>	<u>5,072</u>	<u>8,900</u>	<u>18,973</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(213,070)</u>	<u>377,572</u>	<u>673,525</u>	<u>581,939</u>	<u>1,419,966</u>
Cash and Cash Equivalents - Beginning of Year	<u>2,028,912</u>	<u>1,707,878</u>	<u>3,177,559</u>	<u>5,572,541</u>	<u>12,486,890</u>
Cash and Cash Equivalents - End of Year	<u>\$ 1,815,842</u>	<u>\$ 2,085,450</u>	<u>\$ 3,851,084</u>	<u>\$ 6,154,480</u>	<u>\$ 13,906,856</u>
CASH AT END OF YEAR CONSISTS OF:					
Cash and Cash Equivalents	<u>1,815,842</u>	<u>2,085,450</u>	<u>3,851,084</u>	<u>6,154,480</u>	<u>13,906,856</u>
Total Cash	<u>\$ 1,815,842</u>	<u>\$ 2,085,450</u>	<u>\$ 3,851,084</u>	<u>\$ 6,154,480</u>	<u>\$ 13,906,856</u>

City of Auburn, Washington
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended December 31, 2013

Page 2 of 2

	Insurance	Facilities	Information Services	Equipment Rental	Total
RECONCILIATION OF NET OPERATING INCOME TO NEW CASH PROVIDED BY OPERATING ACTIVITIES					
Operating Income (Loss)	\$ (215,150)	\$ 1,038,933	\$ 429,413	\$ 81,773	\$ 1,334,969
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Depreciation	-	-	467,317	697,048	1,164,365
Asset (Increases) Decreases:					
Accounts Receivable	-	(45,970)	(1,030)	-	(47,000)
Miscellaneous A/R Revenue	-	-	526	208	734
Inventory	-	-	-	(47,907)	(47,907)
Liability Increases (Decreases):					
Accounts & Vouchers Payable	(120)	(79,508)	150,494	265,099	335,965
Wages & Benefits Payable	-	(420)	3,575	3,868	7,023
Compensated Absences Payable	-	(17,975)	(6,210)	5,598	(18,587)
Total Adjustments	<u>(120)</u>	<u>(144,598)</u>	<u>614,672</u>	<u>923,914</u>	<u>1,393,868</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (215,270)</u>	<u>\$ 894,335</u>	<u>\$ 1,044,085</u>	<u>\$ 1,005,687</u>	<u>\$ 2,728,837</u>
SCHEDULE OF NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES					
Total Non Cash Investing, Capital and Financing Activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



AGENCY FUNDS

The agency fund accounts for monies over which the City is strictly a short-term custodian. Agency funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

City of Auburn, Washington
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND

For the Fiscal Year Ended December 31, 2013

	Balance 1/1/2013	Additions	Deductions	Balance 12/31/2013
ASSETS:				
Cash and Cash Equivalents	\$ 1,231,749	\$ 1,847,910	\$ 1,961,320	\$ 1,118,339
Other Current Assets	1,054	294,979	291,275	4,758
Due from Other Governments	-	30,000	-	30,000
Total Assets	<u>\$ 1,232,803</u>	<u>\$ 2,172,889</u>	<u>\$ 2,252,595</u>	<u>\$ 1,153,097</u>
LIABILITIES:				
Due to Other Government Units	<u>1,232,803</u>	<u>2,412,771</u>	<u>2,492,477</u>	<u>1,153,097</u>
Total Liabilities	<u>\$ 1,232,803</u>	<u>\$ 2,412,771</u>	<u>\$ 2,492,477</u>	<u>\$ 1,153,097</u>

City of Auburn
STATISTICAL SECTION
 December 31, 2013

Financial Trends Information

Financial trends schedules are intended to provide users with information to assist them in understanding and assessing how the City’s financial position has changed over time.

Schedule 1	Net position by components.....	150
Schedule 2	Changes in net position	151
Schedule 3	Fund balances, government funds	152
Schedule 4	Changes in fund balances, government funds	153
Schedule 5	Tax revenues by source, government funds	154

Revenue Capacity Information

The objective of providing revenue capacity information is to help users understand and assess the factors affecting the City’s ability to generate its most significant local source revenues.

Schedule 6	Assessed value by type	155
Schedule 7	Property tax data	156
Schedule 8	Property tax levies and collections	158
Schedule 9	Principal taxpayers-property taxes-sales taxes	159
Schedule 10	Retail tax collections by sector	160

Debt Capacity Information

Debt capacity information is intended to assist users to understand and assess the City’s current levels of outstanding debt and ability to issue additional debt in the future.

Schedule 11	Ratios of outstanding debt by type	161
Schedule 12	Computation of legal debt margin	162
Schedule 13	Legal debt margin ratios.....	162
Schedule 14	Computation of net direct and estimated overlapping debt	163
Schedule 15	Ratios of net general bonded debt to assessed value.....	164
Schedule 16	Pledged revenue bond coverages	165

Demographic and Economic Information

These schedules offer demographic and economic information to assist users in understanding certain aspects of the environment within which the City operates and to provide information that facilitates comparisons of financial statement information over time and across governmental units.

Schedule 17	Population, income and housing trends.....	166
Schedule 18	Major employers	167

Operating Information

These schedules contain service and infrastructure data to help users understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.

Schedule 19	Staffing levels by department	168
Schedule 20	Operating indicators by department.....	169
Schedule 21	Capital indicators by department	170

City of Auburn, Washington
SCHEDULE 1
NET POSITION BY COMPONENTS
 Last Ten Fiscal Years
 (Accrual Basis of Accounting)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities:										
Invested in capital assets, net of related debt	\$171,921,373	\$194,121,232	\$200,814,063	\$212,611,232	\$303,564,348	\$314,691,982	\$320,506,701	\$340,941,112	\$354,899,294	\$346,195,793
Restricted	25,615,116	23,442,309	26,839,342	24,519,024	28,965,599	12,741,566	15,180,467	14,230,963	13,164,116	15,019,909
Unrestricted	28,490,736	24,095,336	24,148,157	26,774,107	25,955,501	43,754,879	46,734,364	45,250,090	43,245,050	47,426,352
Total governmental activities net position	226,027,225	241,658,877	251,801,562	263,904,363	358,485,448	371,188,427	382,421,532	400,422,165	411,308,460	408,642,054
Business-type activities:										
Invested in capital assets, net of related debt	106,783,634	115,137,273	125,265,152	130,515,163	144,626,496	150,621,492	152,343,987	166,289,542	173,709,864	165,619,867
Restricted	1,969,809	2,238,611	6,987,485	1,227,395	933,914	2,071,219	4,107,128	4,153,982	4,719,058	16,839,589
Unrestricted	31,849,110	32,513,576	25,693,517	40,655,261	35,859,489	29,546,169	28,642,334	30,523,974	30,439,381	32,880,216
Total business-type activities net position	140,602,553	149,889,460	157,946,154	172,397,819	181,419,899	182,238,880	185,093,449	200,967,498	208,868,303	215,339,672
Primary government:										
Invested in capital assets, net of related debt	278,705,007	309,258,505	326,079,215	343,126,395	448,190,844	465,313,474	472,850,688	507,230,654	528,609,158	511,815,660
Restricted	27,584,925	25,680,920	33,826,827	25,746,419	29,899,513	14,812,785	19,287,595	18,384,945	17,883,174	31,859,498
Unrestricted	60,339,846	56,608,912	49,841,674	67,429,368	61,814,990	73,301,048	75,376,698	75,774,064	73,684,431	80,306,568
Total primary government net position	\$366,629,778	\$391,548,337	\$409,747,716	\$436,302,182	\$539,905,347	\$553,427,307	\$567,514,981	\$601,389,663	\$620,176,763	\$623,981,726

Source: City of Auburn, Finance Department

City of Auburn, Washington
SCHEDULE 3
FUND BALANCES, GOVERNMENT FUNDS
 Last Ten Fiscal Years
 (Modified Accrual Basis of Accounting)

	2004	2005	2006	2007	2008	2009	2010	2011 ⁽¹⁾	2012	2013
General Fund										
Unreserved	\$ 20,702,250	\$ 15,938,825	\$ 14,448,328	\$ 14,462,720	\$ 13,071,091	\$ 13,237,851	\$ 15,382,354	\$ -	\$ -	\$ -
Nonspendable								-	370,400	127
Assigned								7,082,130	5,935,567	5,892,611
Unassigned								14,193,365	17,395,933	17,751,778
Total General Fund	20,702,250	15,938,825	14,448,328	14,462,720	13,071,091	13,237,851	15,382,354	21,275,495	23,701,900	23,644,516
All other governmental funds										
Reserved	1,270,769	1,375,591	1,376,798	1,501,033	1,507,565	1,538,038	1,592,378			
Unreserved, Reported In:										
Special Revenue Funds	10,612,069	8,967,039	10,738,431	13,124,661	14,463,370	15,184,058	15,486,918			
Capital Projects Funds	13,852,020	13,111,273	14,727,423	9,873,331	12,990,032	10,422,360	12,589,604			
Permanent Funds	222,020	232,832	188,524	170,983	144,396	153,503	132,717			
Total Unreserved	24,686,109	22,311,144	25,654,378	23,168,975	27,597,798	25,759,921	28,209,239			
Nonspendable								1,453,540	1,475,580	1,536,316
Restricted								12,781,743	11,688,536	13,483,593
Committed								3,134,449	3,258,257	3,242,662
Assigned								3,120,372	2,388,684	4,976,833
Total All Other Governmental Funds	\$ 25,956,878	\$ 23,686,735	\$ 27,031,176	\$ 24,670,008	\$ 29,105,363	\$ 27,297,959	\$ 29,801,617	\$ 20,490,104	\$ 18,811,057	\$ 23,239,404

1) GAS B Statement No. 54 was implemented in FY 2011. See Note 1E of the Notes to the Basic Financial Statements.

Source: City of Auburn, Finance Department

City of Auburn, Washington
SCHEDULE 4
CHANGES IN FUND BALANCES, GOVERNMENT FUNDS
 Last Ten Fiscal Years
 (Modified Accrual Basis of Accounting)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues										
Taxes	\$ 38,258,799	\$ 41,467,853	\$ 44,867,161	\$ 46,721,651	\$ 43,781,530	\$ 42,514,006	\$ 43,069,695	\$ 44,812,975	\$ 46,003,582	\$ 48,545,041
Licenses and permits	2,248,576	2,227,963	1,683,320	1,606,950	1,110,722	1,326,875	1,311,916	1,769,516	2,344,643	3,041,948
Intergovernmental	4,697,501	6,826,222	6,831,240	5,766,484	8,369,888	9,616,067	9,656,529	16,174,149	20,045,299	11,854,984
Charges for services	3,393,178	3,939,610	3,659,773	5,017,224	3,784,544	3,473,199	3,073,168	2,938,815	4,006,762	3,891,776
Fines and forfeits	845,721	777,241	1,054,201	2,155,120	2,059,771	1,911,034	2,472,411	1,940,326	1,592,957	1,441,603
Special assessments	127,976	153,627	75,574	52,291	57,402	107,597	43,502	32,972	39,115	40,772
Investment earnings	336,442	1,175,258	1,477,368	2,456,291	1,363,375	484,696	386,890	237,056	200,826	144,151
Miscellaneous	2,452,468	1,247,252	1,865,079	877,473	1,296,349	1,142,428	3,023,589	2,322,580	871,191	621,673
Total revenues	52,360,661	57,815,026	61,513,716	64,653,484	61,823,581	60,575,902	63,037,699	70,228,389	75,104,375	69,581,948
Expenditures										
General government	5,472,630	5,308,663	6,062,037	6,834,084	7,719,205	7,864,410	7,770,957	8,310,037	8,761,452	7,300,667
Public safety	25,870,873	27,169,657	29,148,278	33,568,753	26,023,912	25,762,116	24,597,986	27,399,406	24,039,435	27,146,590
Transportation	5,152,344	10,337,587	9,403,147	7,385,929	8,910,967	9,850,579	10,054,434	16,059,156	20,766,134	15,119,530
Physical environment	2,304,248	2,191,796	2,435,201	3,352,466	3,490,636	3,192,089	2,480,641	2,290,328	2,526,526	2,855,908
Economic environment	2,796,902	1,877,675	1,928,978	2,142,282	2,530,827	3,028,684	2,597,849	3,138,590	2,876,558	2,692,389
Health and human services	597,423	602,726	763,156	416,456	776,224	527,029	568,911	616,717	616,583	631,997
Culture and recreation	4,806,217	4,815,643	5,016,554	6,571,275	6,296,743	6,622,546	6,663,881	6,918,623	7,228,345	7,925,325
Capital outlay ⁽¹⁾	12,100,966	507,484	3,822,895	7,346,316	4,778,334	30,338,508	8,486,382	8,597,944	4,007,018	2,746,599
Debt service:										
Principal	1,018,355	10,582,246	420,631	435,093	456,655	479,661	26,683,671	1,208,512	1,219,137	2,238,181
Interest/other	248,005	315,960	247,551	203,266	264,997	296,241	1,775,746	1,761,334	2,245,858	2,709,768
Total expenditures	60,367,963	63,709,437	59,248,428	68,255,920	61,248,500	87,961,863	91,680,457	76,300,647	74,287,046	71,366,954
Excess of revenues over (under) expenditures	(8,007,302)	(5,894,411)	2,265,288	(3,602,436)	575,081	(27,385,961)	(28,642,758)	(6,072,258)	817,329	(1,785,006)
Other financing sources (uses)										
Transfers in	3,946,424	9,753,294	8,873,200	6,103,144	7,386,082	6,994,306	9,442,727	7,410,926	6,643,116	4,776,100
Transfers out	(3,319,424)	(11,703,804)	(9,554,816)	(5,542,988)	(7,993,842)	(6,997,801)	(7,745,568)	(6,242,333)	(7,005,097)	(4,450,925)
Capital leases	10,350,000	-	-	695,504	17,728	24,549,186	-	-	-	-
Insurance recoveries	-	-	-	-	-	114,607	200,642	154,200	291,210	192,898
Issuance of debt	-	-	142,313	-	360,000	957,278	31,172,273	-	-	3,044,491
Issuance of refunding bond	-	-	-	-	-	-	2,150,000	-	-	-
Debt Premium	-	-	-	-	-	-	305,844	-	-	-
Payment to escrow agent - refunded bond	-	-	-	-	-	-	(2,235,000)	-	-	-
Sales of capital assets	119,053	811,353	127,959	-	2,698,677	127,741	-	1,331,092	800	2,593,405
Total other financing sources (uses)	11,096,053	(1,139,157)	(411,344)	1,255,660	2,468,645	25,745,317	33,290,918	2,653,885	(69,971)	6,155,969
Net change in fund balances	\$ 3,088,751	\$ (7,033,568)	\$ 1,853,944	\$ (2,346,776)	\$ 3,043,726	\$ (1,640,644)	\$ 4,648,159	\$ (3,418,373)	\$ 747,358	\$ 4,370,963
Debt service as a percentage of noncapital expenditures	2.37%	19.81%	1.39%	1.12%	1.42%	1.54%	37.50%	5.44%	6.64%	8.71%

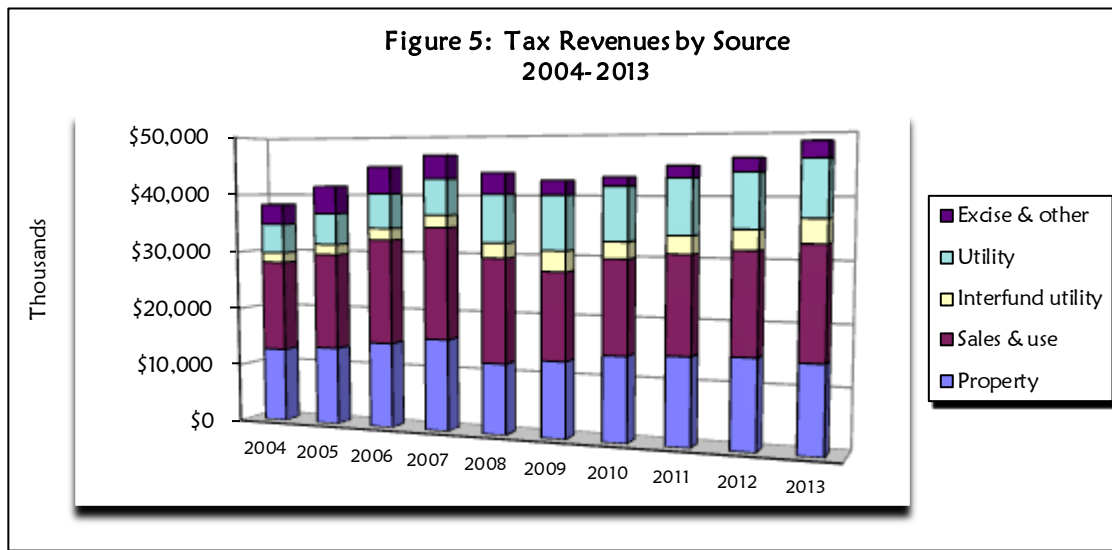
1) Capital outlay reported in governmental funds for 2013 are \$2,746,599 plus \$11,809,628 which is reported for each functional activity with the other funds results in total capital outlay of \$14,556,227 as reported on the Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Government Funds to the Statement of Activities.

Source: City of Auburn, Finance Department

City of Auburn, Washington
SCHEDULE 5
TAX REVENUES BY SOURCE, GOVERNMENT FUNDS
 Last Ten Fiscal Years

Fiscal Year	Property	Sales & Use	Interfund Utility	Utility	Excise	Other	Total
2004	12,680,361	15,429,527	1,714,102	5,012,010	3,384,515	38,284	38,258,799
2005	13,319,740	16,333,169	1,792,136	5,349,713	4,633,037	40,058	41,467,853
2006	14,582,829	17,784,374	1,983,652	5,893,041	4,568,549	54,716	44,867,161
2007	15,666,016	18,958,484	2,095,901	6,073,429	3,862,692	65,129	46,721,651
2008	12,040,124	17,620,661	2,507,213	8,075,355	3,477,517	60,660	43,781,530
2009	12,914,943	14,727,496	3,437,526	9,071,485	2,310,076	52,480	42,514,006
2010	14,283,303	15,657,081	2,788,083	8,886,964	1,389,030	65,234	43,069,695
2011	14,683,329	16,213,244	2,948,297	9,049,689	1,859,738	58,678	44,812,975
2012	14,987,636	16,679,278	3,281,816	8,856,498	2,141,620	56,734	46,003,582
2013	14,535,673	18,335,157	3,892,250	9,156,636	2,555,850	69,475	48,545,041
Change							
2004-2013	14.6%	18.8%	127.1%	82.7%	-24.5%	81.5%	26.9%

Source: City of Auburn, Finance Department

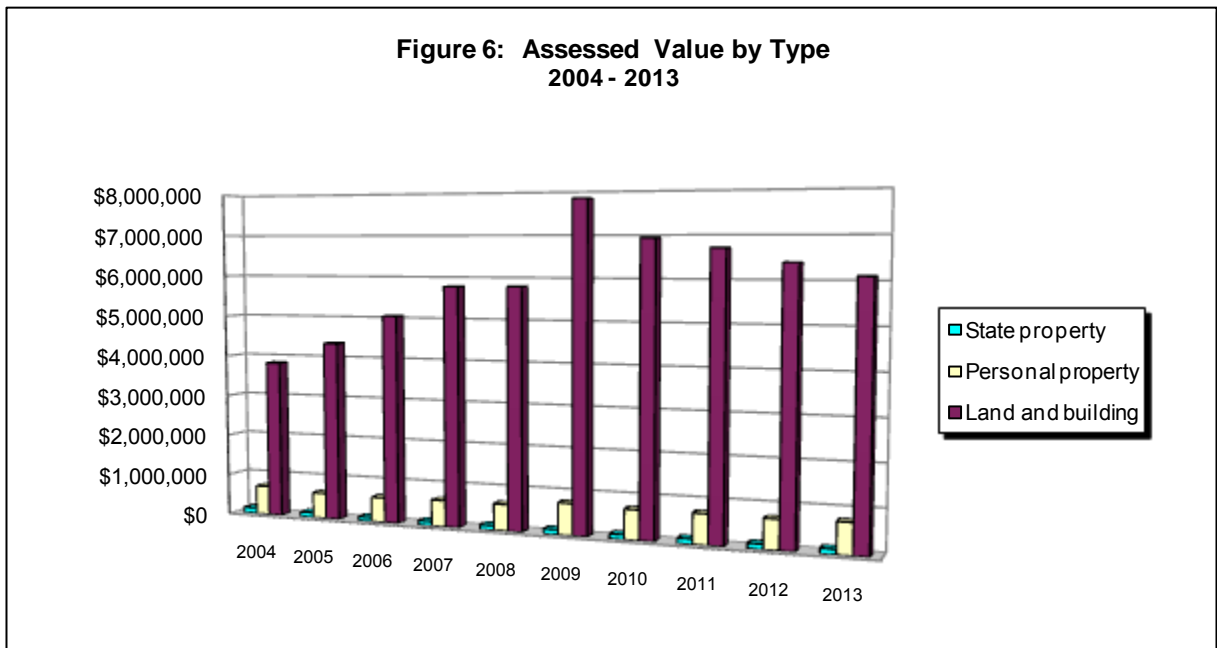


City of Auburn, Was hington
SCHEDULE 6
AS S E S S E D V A L U E B Y T Y P E
 L a s t T e n F i s c a l Y e a r s
 (A m o u n t s E x p r e s s e d i n T h o u s a n d s)

Fis cal Year	S t a t e Property and Other	P e r s o n a l Property	L a n d a n d Building	T o t a l A s s e s s e d Value	T o t a l D i r e c t Rate
2004	137,611	704,061	3,834,629	4,676,301	2.88
2005	116,895	623,298	4,359,276	5,099,469	2.87
2006	101,419	607,875	5,055,734	5,765,028	2.73
2007	107,302	635,352	5,783,641	6,526,295	1.48
2008	112,101	640,004	5,804,585	6,556,690	1.49
2009	121,918	764,857	7,837,089	8,723,864 (*)	1.49
2010	114,661	715,534	6,935,683	7,765,878	1.82
2011	126,415	726,944	6,711,148	7,564,507	1.93
2012	124,204	709,024	6,392,321	7,225,550	2.08
2013	124,230	745,891	6,098,598	6,968,719	2.10

Source: King County Dept of As s e s s m e n t s & P i e r c e C o u n t y A s s e s s o r - T r e a s u r e r

(*) In 2009, Total As s e s s e d V a l u e i n c r e a s e d s i g n i f i c a n t l y d u e t o a n n e x a t i o n s o f L e a H i l l a n d W e s t H i l l a r e a s

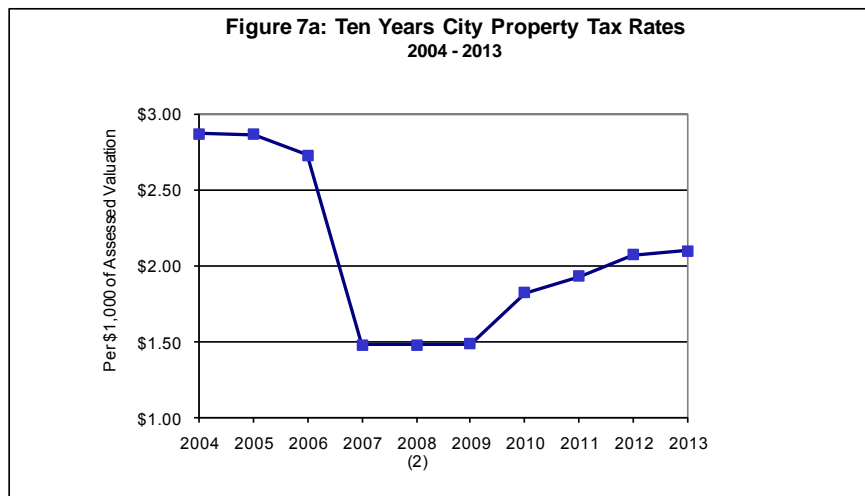


City of Auburn, Washington
SCHEDULE 7
PROPERTY TAX DATA
 Last Ten Fiscal Years

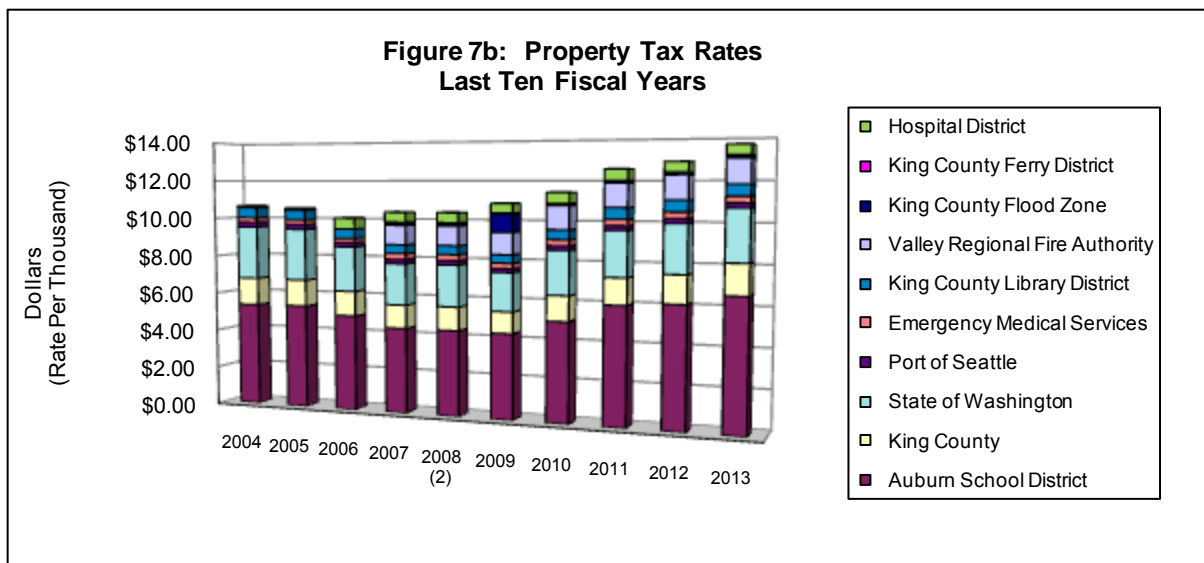
Item	2004	2005	2006	2007
Assessed and estimated actual values ⁽¹⁾				
Estimated and actual value (in thousands)	\$ 4,676,301	\$ 5,099,469	\$ 5,765,028	\$ 6,526,295
Assessed value (in thousands)	4,676,301	5,099,469	5,765,028	6,526,295
Ratio of assessed to actual	100%	100%	100%	100%
Property tax rates ⁽¹⁾				
Direct regular and special				
General fund	\$ 2.87319	\$ 2.86520	\$ 2.73076	\$ 1.48385
Debt service funds	-	-	-	-
Subtotal	2.87319	2.86520	2.73076	1.48385
Overlapping regular and special ⁽¹⁾				
Auburn School District	\$ 5.34914	\$ 5.37195	\$ 4.94903	\$ 4.40970
King County	1.43146	1.38229	1.28956	1.20770
State of Washington	2.75678	2.68951	2.32535	2.13233
Port of Seattle	0.25402	0.25321	0.23158	0.22359
Emergency Medical Services	0.23717	0.23182	0.20621	0.30000
Hospital District	0.09200	0.09039	0.55652	0.50854
King County Library District	0.53653	0.53255	0.50027	0.45336
Valley Regional Fire Authority	-	-	-	1.00000
King County Flood Zone	-	-	-	0.10000
King County Ferry District	-	-	-	0.05500
Subtotal	10.65710	10.55172	10.05852	10.39022
Total direct and overlapping	\$ 13.53029	\$ 13.41692	\$ 12.78928	\$ 11.87407

Sources :

- (1) King County and Pierce County Departments of Assessments ; real and personal property has been assessed at 100% of the estimated actual value.
- (2) The 2008 decrease in property tax levy to \$1.48 is due to the incorporation of the Valley Regional Fire Authority effective 1/1/2007. The VRFA will assess its own property tax levy in 2008, partially offsetting what was previously levied by the City.



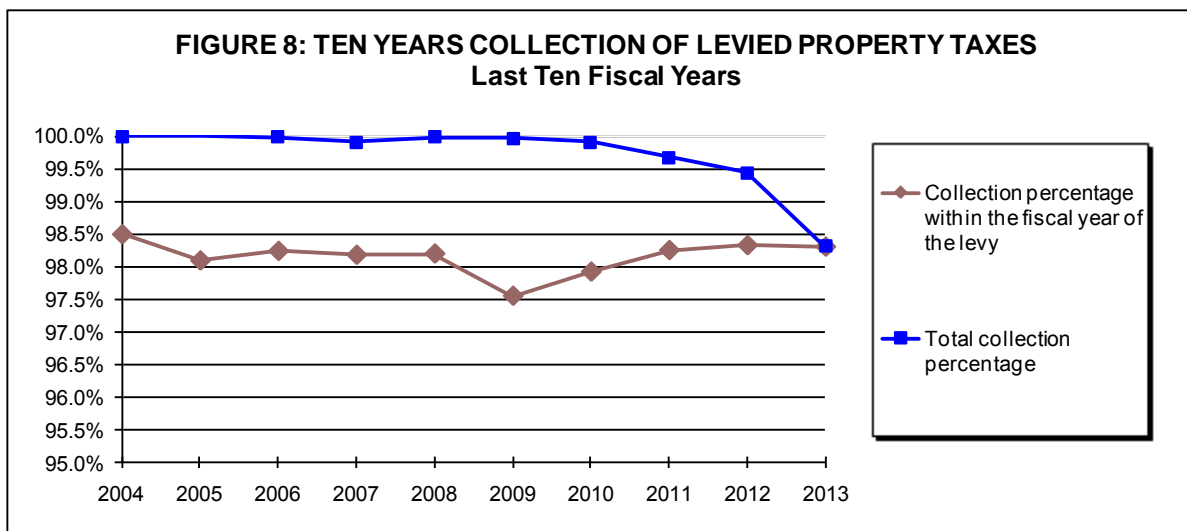
2008 ⁽²⁾	2009	2010	2011	2012	2013
\$ 6,556,690	\$ 8,723,864	\$ 7,765,878	\$ 7,564,507	\$ 7,225,550	\$ 6,968,719
6,556,690	8,723,864	7,765,878	7,564,507	7,225,550	6,968,719
100%	100%	100%	100%	100%	100%
\$ 1.48385	\$ 1.48678	\$ 1.82336	\$ 1.93458	\$ 2.07527	\$ 2.10000
-	-	-	-	-	-
1.48385	1.48678	1.82336	1.93458	2.07527	2.10000
\$ 4.40970	\$ 4.37709	\$ 5.09382	\$ 5.99562	\$ 6.14004	\$ 6.62190
1.20770	1.09772	1.28499	1.33816	1.41588	1.54051
2.13233	1.96268	2.22253	2.27990	2.42266	2.56720
0.22359	0.19700	0.21597	0.22366	0.22982	0.23324
0.30000	0.27404	0.30000	0.30000	0.30000	0.30000
0.50854	0.47141	0.53290	0.55753	0.50000	0.50000
0.45336	0.41736	0.48526	0.56621	0.56992	0.56743
1.00000	1.10995	1.17910	1.17977	1.18925	1.20479
0.10000	0.91230	0.10514	0.10976	0.11616	0.13210
0.05500	0.05018	0.00348	0.00360	0.00372	0.00378
10.39022	10.86973	11.42319	12.55421	12.88745	13.67095
\$ 11.87407	\$ 12.35651	\$ 13.24655	\$ 14.48879	\$ 14.96272	\$ 15.77095



City of Auburn, Was hington
SCHEDULE 8
PROPERTY TAX LEVIES AND COLLECTIONS
 Last Ten Fis cal Years

Fis cal Year	Total Tax Levy for Fis cal Year	Collected Within the Fis cal Year of the Levy		Collections in S ubsequent Years	Total Collections to Date		Current Year Levy Balance
		Amount	% of Levy		Amount	% of Levy	
King County:							
2004	\$12,210,218	\$ 12,031,253	98.5%	\$ 178,596	\$ 12,209,848	100.0%	\$ 369
2005	12,635,747	12,393,241	98.1%	243,409	12,636,650	100.0%	(903)
2006	13,401,036	13,164,248	98.2%	234,308	13,398,556	100.0%	2,480
2007	13,856,697	13,605,301	98.2%	237,145	13,842,446	99.9%	14,251
2008	9,551,629	9,406,398	98.5%	142,369	9,548,767	100.0%	2,862
2009	11,667,794	11,390,684	97.6%	272,254	11,662,938	100.0%	4,856
2010	12,717,164	12,459,564	98.0%	244,637	12,704,201	99.9%	12,963
2011	13,076,853	12,846,996	98.2%	184,096	13,031,092	99.7%	45,761
2012	13,399,095	13,167,731	98.3%	151,118	13,318,849	99.4%	80,246
2013	12,904,335	12,673,712	98.2%	-	12,673,712	98.2%	230,623
							<u>\$ 393,509</u>
Pierce County:							
2004	\$ 579,828	\$ 566,356	97.7%	\$ 13,472	\$ 579,828	100.0%	\$ -
2005	783,135	769,223	98.2%	13,911	783,134	100.0%	0
2006	1,242,038	1,220,642	98.3%	21,376	1,242,018	100.0%	20
2007	1,851,622	1,816,706	98.1%	34,876	1,851,582	100.0%	40
2008	1,226,764	1,177,665	96.0%	49,073	1,226,738	100.0%	26
2009	1,264,380	1,223,668	96.8%	40,688	1,264,356	100.0%	25
2010	1,489,793	1,451,377	97.4%	37,912	1,489,289	100.0%	504
2011	1,425,431	1,401,537	98.3%	22,119	1,423,656	99.9%	1,774
2012	1,496,130	1,478,223	98.8%	13,454	1,491,677	99.7%	4,453
2013	1,484,660	1,471,129	99.1%	-	1,471,129	99.1%	13,531
							<u>\$ 20,373</u>
							Total current levy balance <u>\$ 413,882</u>

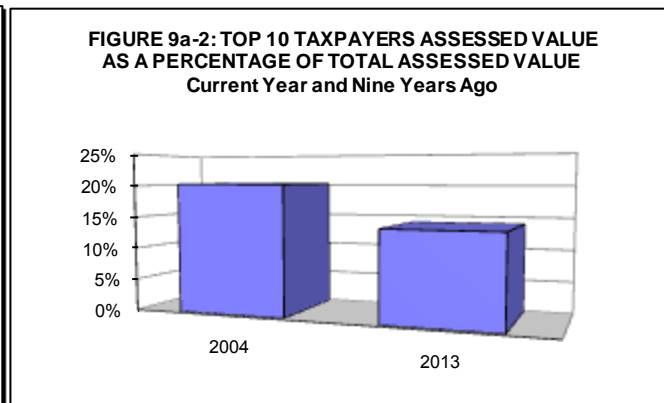
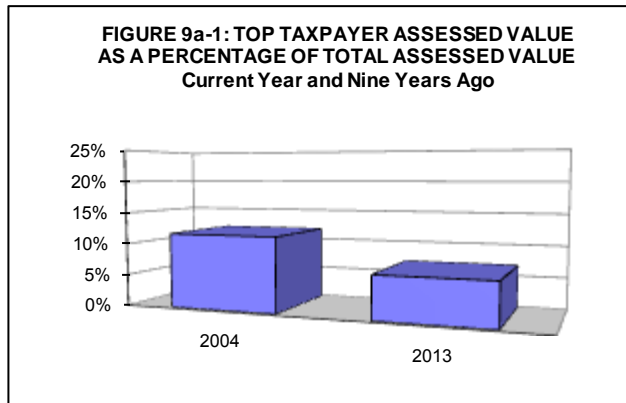
Source: King County Finance and Business Operations Division
 Pierce County Budget and Finance Department



City of Auburn, Washington
SCHEDULE 9a
PRINCIPAL TAXPAYERS -PROPERTY TAXES
 Current Year and Nine Years Ago

Taxpayer	2013			2004		
	Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Boeing Company	\$ 470,247,997	1	6.75%	\$ 550,146,955	1	11.76%
Glimcher Supermall Venture	87,826,065	2	1.26%	91,364,868	2	1.95%
Safeway	75,920,115	3	1.09%	-	-	-
EPropertyTax Inc.	72,076,400	4	1.03%	-	-	-
Puget Sound Energy	63,758,052	5	0.91%	53,200,729	3	1.14%
Muckleshoot Indian Tribe	56,321,200	6	0.81%	49,417,600	5	1.06%
Belara Communities LLC	48,145,500	7	0.69%	-	-	-
PPF Industrial (formerly UPS Supply Chain Solutions)	43,600,200	8	0.63%	40,426,159	7	0.86%
Four Lakes Apartments LLC	27,466,500	9	0.39%	-	-	-
Wal-Mart Property	26,724,119	10	0.38%	-	-	-
McElroy George & Assoc. Inc.	-	-	-	52,125,100	4	1.11%
Complex Property Advisors Corporation	-	-	-	43,431,167	6	0.93%
US West Communications	-	-	-	34,187,146	8	0.73%
Roundup Co. (Fred Meyer)	-	-	-	17,646,167	9	0.38%
La Pianta LLC	-	-	-	13,973,600	10	0.30%
TOTALS	\$ 972,086,148		13.95%	\$ 945,919,491		20.23%

Source: King County and Pierce County Departments of Assessments
 Total assessed value for 2013: \$ 6,968,719,333
 Total assessed value for 2004: \$ 4,676,301,000



City of Auburn, Washington
SCHEDULE 9b
PRINCIPAL TAXPAYERS -SALES TAXES
 Current Year and Ten Years Ago

2013				2004			
Sales Tax Received	Sector ⁽¹⁾	Rank	Percentage of Total City Sales Taxes Received	Sales Tax Received	Sector ⁽¹⁾	Rank	Percentage of Total City Sales Taxes Received
\$ 449,062	General Retail	1	3.1%				
362,413	Automotive	2	2.5%				
359,830	Automotive	3	2.5%				
324,812	Transportation Manufacturing	4	2.3%				
286,488	Automotive	5	2.0%				
269,068	Automotive	6	1.9%				
230,690	Bldg. Material & Garden	7	1.6%				
228,864	General Retail	8	1.6%				
219,474	Automotive	9	1.5%				
206,562	Automotive	10	1.4%				
\$ 2,937,263			20.4%				

Source: Washington State Department of Revenue

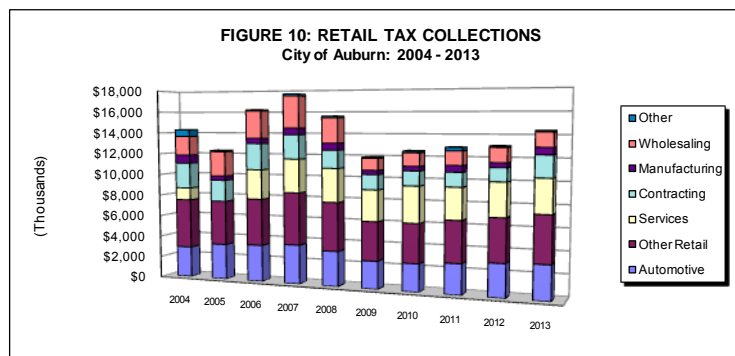
(1) It is illegal to disclose specific taxpayer's sales tax information, so the above information is being provided without identification

City of Auburn, Was hington
SCHEDULE 10
RETAIL TAX COLLECTIONS BY SECTOR
 Last Ten Fiscal Years
 (Amounts Expressed in Thousands)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
RETAIL TRADE SECTOR										
Automotive/gas	\$ 2,893	\$ 3,326	\$ 3,428	\$ 3,643	\$ 3,255	\$ 2,559	\$ 2,553	\$ 2,785	\$ 3,019	\$ 3,136
Furniture	438	218	263	268	241	220	194	218	226	235
Electronics & appliances	-	451	288	262	242	132	121	127	145	174
Building materials	479	488	594	615	521	358	389	383	425	447
Food stores	395	358	346	378	360	352	354	331	341	335
Health & personal care	-	120	130	143	152	150	144	148	149	174
Apparel	765	836	874	899	873	781	752	754	772	889
General merchandise	990	970	941	974	872	833	801	968	967	974
Food/Drink	651	-	-	-	-	-	-	-	-	-
Misc retail trade	905	724	939	1,334	1,234	755	834	851	897	990
	<u>7,515</u>	<u>7,491</u>	<u>7,803</u>	<u>8,516</u>	<u>7,750</u>	<u>6,140</u>	<u>6,142</u>	<u>6,566</u>	<u>6,943</u>	<u>7,354</u>
SERVICE SECTOR										
Information	-	506	507	531	489	457	979	481	396	446
Finance & insurance	-	86	84	85	85	83	68	66	53	91
Real estate, rental, leasing	-	294	311	330	394	304	288	304	326	279
Professional, scientific, technical	-	119	116	162	146	200	191	175	173	184
Administrative, supply & remediation service	-	197	195	301	261	261	239	295	334	336
Educational	-	81	81	87	91	42	56	53	54	50
Healthcare & social services	-	45	33	88	98	61	37	41	115	33
Arts & entertainment	-	104	126	172	171	147	154	149	153	149
Accommodation & food service	-	764	833	870	915	827	806	839	921	979
Other services	-	477	492	502	457	485	493	482	530	507
	-	<u>2,673</u>	<u>2,779</u>	<u>3,128</u>	<u>3,107</u>	<u>2,867</u>	<u>3,310</u>	<u>2,882</u>	<u>3,056</u>	<u>3,054</u>
OTHER SECTORS										
Services ⁽¹⁾	1,152	-	-	-	-	-	-	-	-	-
Construction	2,402	2,008	2,453	2,240	1,647	1,368	1,322	1,296	1,221	1,943
Manufacturing	793	414	486	625	643	383	411	583	405	624
Transportation	401	31	26	22	76	31	29	77	55	46
Wholesaling	1,795	2,313	2,571	2,943	2,306	1,073	1,180	1,260	1,297	1,279
Banking	127	-	-	-	-	-	-	-	-	-
Other businesses	108	73	72	143	72	47	128	224	61	64
Subtotal - other sectors	<u>6,779</u>	<u>4,839</u>	<u>5,607</u>	<u>5,973</u>	<u>4,744</u>	<u>2,902</u>	<u>3,071</u>	<u>3,439</u>	<u>3,038</u>	<u>3,956</u>
GRAND TOTAL	\$ 14,294	\$ 15,003	\$ 16,189	\$ 17,617	\$ 15,601	\$ 11,909	\$ 12,523	\$ 12,887	\$ 13,037	\$ 14,364
OVERLAPPING SALES TAX RATES										
Basic sales tax rates										
City of Auburn	0.84%	0.84%	0.84%	0.84%	0.84%	0.84%	0.84%	0.84%	0.84%	0.84%
Washington State	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%
King County	0.16%	0.16%	0.16%	0.26%	0.36%	0.36%	0.36%	0.36%	0.36%	0.36%
Regional Transit Authority	0.40%	0.40%	0.40%	0.40%	0.40%	0.90%	0.90%	0.90%	0.90%	0.90%
Metro	0.80%	0.80%	0.80%	0.80%	0.80%	0.80%	0.80%	0.80%	0.80%	0.80%
Criminal Justice	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%
Total basic sales tax rate	<u>8.80%</u>	<u>8.80%</u>	<u>8.80%</u>	<u>8.90%</u>	<u>9.00%</u>	<u>9.50%</u>	<u>9.50%</u>	<u>9.50%</u>	<u>9.50%</u>	<u>9.50%</u>
Special sales tax rates										
Restaurants -for stadium funding ⁽²⁾	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.00%	0.00%
Motor vehicles -for multimodal transportation	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%

(1) Starting in March of 2005, the State of Washington switched from classifying retail sales using the Standard Industrial Classification (SIC) code to the North American Industry Classification System (NAICS). As a result, specific trend comparisons of 2005 results to prior year may not be meaningful.
 (2) This tax expired on October 1, 2011

Source: City of Auburn Finance department and State of Washington

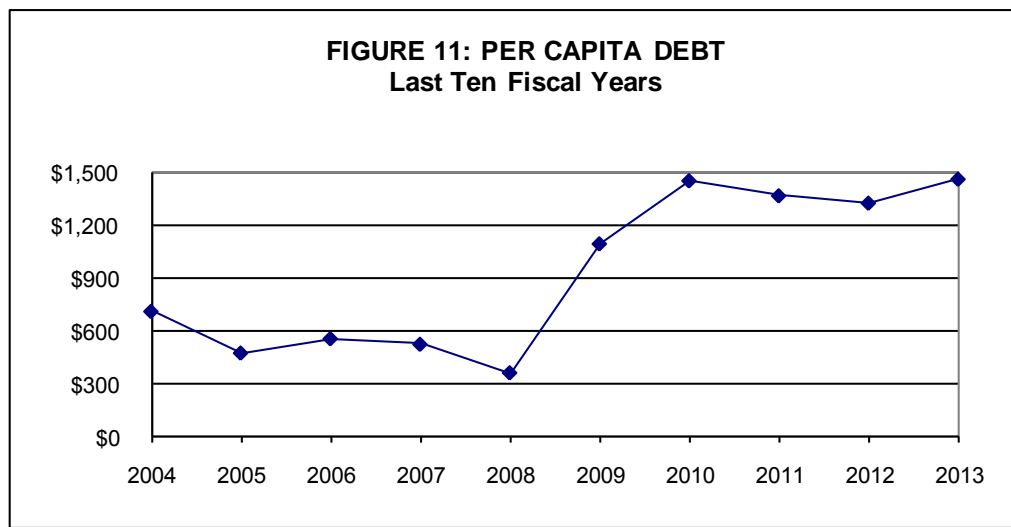


City of Auburn, Was hington
SCHEDULE 11
RATIOS OF OUTS TANDING DEBT BY TYPE
 Last Ten Fis cal Years

Fis cal Year	Govrnmntal Activities			Bus iness -type Activities		Total Primary Government	Percentage of Pers onal Income ⁽¹⁾	Per Capita
	General Obligation Bonds	Spe cial As ses sment Bonds	Capital Leas es	Revenue Bonds	Public Works Trust Fund Loans			
2004	\$ 6,754,000	\$ 228,354	\$10,322,787	\$ 8,220,000	\$ 7,066,042	\$ 32,591,183	4.16%	\$ 706.43
2005	6,478,000	132,354	-	7,020,000	8,679,509	22,309,863	2.68%	469.98
2006	11,210,000	36,827	-	5,905,000	9,853,410	27,005,237	3.04%	551.63
2007	10,650,000	36,827	663,553	4,730,000	10,149,419	26,229,799	2.77%	519.71
2008	10,053,000	36,827	646,799	3,495,000	9,730,324	23,961,950	1.82%	357.61
2009	36,160,850	36,827	25,193,600	2,200,000	10,014,943	73,606,220	4.11%	1,090.70
2010	64,816,850	-	604,685	23,220,000	10,296,024	98,937,559	5.35%	1,449.21
2011	63,430,850	-	566,212	22,930,000	9,491,810	96,418,872	5.07%	1,363.68
2012	61,900,771	-	524,498	23,057,333	8,687,599	94,170,201	5.05%	1,321.87
2013	59,568,505	-	480,771	34,292,569	12,442,903	106,784,748	5.57%	1,458.11

Source: City of Auburn, Finance Department

(1) Pers onal income data provided by US Cens us Bureau estimate for 2013, 2012, 2011; Hebert Res earch for 2004, 2005 and 2010 only; other years are cities timates



City of Auburn, Washington
SCHEDULE 12
COMPUTATION OF LEGAL DEBT MARGIN
 As of December 31, 2013

	General Capacity		Special Purpose Capacity		Total Capacity
	Councilmanic	Excess Levy	Parks and Open Spaces	Utility Purpose	
December 31, 2013 - Total Assessed Value:					
\$	7,288,022,732				
2.5% of Assessed Value	\$ -	\$ 182,200,568	\$ 182,200,568	\$ 182,200,568	\$ 546,601,704
1.5% of Assessed Value	109,320,341	(109,320,341)	-	-	-
Statutory Debt Limit	109,320,341	72,880,227	182,200,568	182,200,568	546,601,704
Debt Outstanding	64,047,284	-	-	-	64,047,284
Net Debt Outstanding	64,047,284	-	-	-	64,047,284
Remaining Debt Capacity	\$ 45,273,057	\$ 72,880,227	\$ 182,200,568	\$ 182,200,568	\$ 482,554,420

City of Auburn, Washington
SCHEDULE 13
LEGAL DEBT MARGIN RATIOS
 Last Ten Fiscal Years
 (Expressed in Thousands)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt Limit	\$350,782	\$350,782	\$432,377	\$489,472	\$653,979	\$577,669	\$565,822	\$539,989	\$518,188	\$546,602
Total net debt applicable to limit	17,055	17,055	11,352	10,757	10,771	62,671	66,868	65,364	63,815	64,047
Legal debt margin	\$333,727	\$333,727	\$421,025	\$478,715	\$643,208	\$514,998	\$498,954	\$474,625	\$454,372	\$482,554
Total net debt applicable to the limit as a percentage of debt limit	4.86%	4.86%	2.63%	2.20%	1.65%	10.85%	11.82%	12.10%	12.32%	11.72%

City of Auburn, Washington
SCHEDULE 14
COMPUTATION OF NET DIRECT AND ESTIMATED OVERLAPPING DEBT
As of December 31, 2013

	Net Debt Outstanding	Percent Applicable ⁽³⁾	Bonded Amount Applicable
Net direct debt:			
Net direct debt - City of Auburn ⁽¹⁾			\$ 59,501,656
Estimated net overlapping debt: ⁽²⁾			
King County	\$ 812,796,000	1.98%	\$ 16,093,361
Port of Seattle	283,815,000	1.98%	5,619,537
School District No. 210	190,158,934	2.25%	4,278,576
School District No. 408	132,930,000	78.11%	103,831,623
School District No. 415	182,487,330	1.97%	3,595,000
Rural Library District	127,607,269	3.19%	4,070,672
Valley Regional Fire Authority	16,360,000	89.69%	14,673,284
Pierce County	183,068,506	0.99%	1,812,378
Total estimated net overlapping debt			153,974,431
Total direct and overlapping debt			\$ 213,476,087

Sources :

- (1) City of Auburn finance department; includes both bonded and non bonded debt related to government activities
(2) Overlapping governments
(3) King County Assessors office and Pierce County Assessors office.

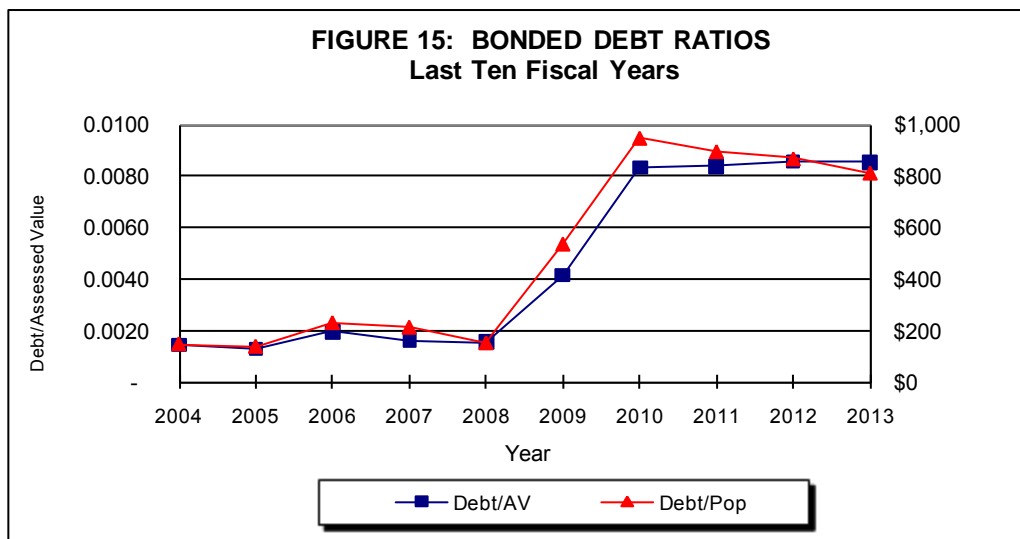
Calculation of overlapping debt: applicable percentage is determined by the ratio of assessed valuation of taxable property in overlapping unit to valuation of property subject to taxation in the City of Auburn.

City of Auburn, Washington
SCHEDULE 15
RATIOS OF NET GENERAL BONDED DEBT TO ASSESSED VALUE
AND GROSS BONDED DEBT PER CAPITA
 Last Ten Fiscal Years

Fiscal Year	Population	Assessed Value ⁽¹⁾ (Thousands)	Net Bonded Debt ⁽²⁾	Debt Service Amount ⁽³⁾ Available	Net Bonded Debt (Thousands)	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2004	46,135	\$ 4,676,301	\$ 6,754,000	\$ 7,248	\$ 6,747	0.14%	\$ 146
2005	47,470	5,099,469	6,478,000	14,256	6,464	0.13%	136
2006	48,955	5,765,028	11,210,000	25,372	11,185	0.19%	229
2007	50,470	6,526,295	10,650,000	35,810	10,614	0.16%	211
2008	67,005	6,556,690	10,053,000	41,603	10,011	0.15%	150
2009	67,485	8,723,864	36,160,850	37,746	36,123	0.41%	536
2010	68,270	7,765,878	64,816,850	46,058	64,771	0.83%	949
2011	70,705	7,564,507	63,430,850	45,754	63,385	0.84%	897
2012	71,240	7,225,550	61,900,771	46,155	61,855	0.86%	869
2013	73,235	6,968,719	59,568,505	-	59,569	0.85%	813

Notes :

- (1) From Schedule 6
- (2) Amount includes both bonded and non bonded debt related to government activities
- (3) Fund balance from debt service fund.



City of Auburn, Was hington
SCHEDULE 16
PLEGDED REVENUE BOND COVERAGES
 Las t Ten Fis cal Years

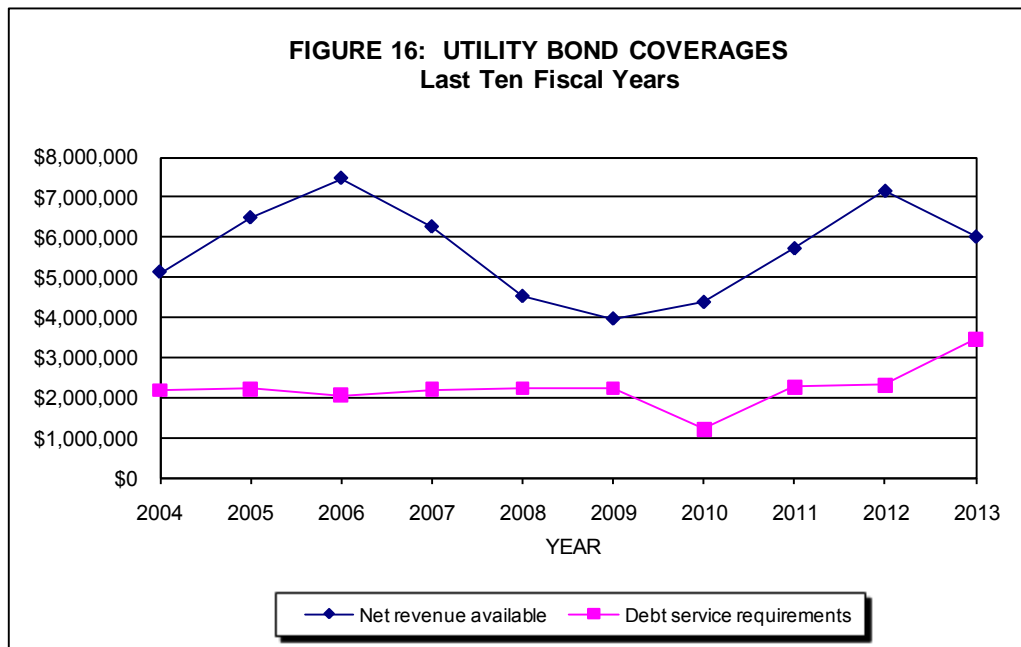
Year	Gros s ⁽¹⁾ Revenue	Direct ⁽²⁾ Operating Expens e	Net Revenue Available	Debt Service Requirements			Times Coverage
				Principal	Interes t	Total ⁽³⁾	
2004	\$21,958,359	\$16,834,837	\$ 5,123,522	\$ 1,633,533	\$ 539,754	\$ 2,173,287	2.36
2005	24,562,487	18,078,747	6,483,740	1,800,568	417,834	2,218,402	2.92
2006	27,087,351	19,615,315	7,472,036	1,718,412	333,016	2,051,428	3.64
2007	27,492,779	21,237,294	6,255,485	1,914,523	281,065	2,195,588	2.85
2008	27,665,498	23,149,802	4,515,696	1,942,938	279,765	2,222,703	2.03
2009	31,265,941	27,314,611	3,951,330	2,002,938	217,283	2,220,221	1.78
2010	33,115,398	28,749,877	4,365,520	1,056,094	150,675	1,206,769	3.62
2011	34,909,200	29,201,088	5,708,112	1,013,830	1,248,612	2,262,442	2.52
2012	38,119,472	30,974,506	7,144,966	1,028,830	1,277,285	2,306,115	3.10
2013	42,406,722	36,406,640	6,000,082	1,943,830	1,508,405	3,452,235	1.74

Source: City of Auburn, Finance Department

(1) Includes water, sewer & storm drainage operating, interest and other revenues.

(2) Includes water, sewer & storm drainage operating expenses less depreciation.

(3) Includes both parity and non-parity debt.

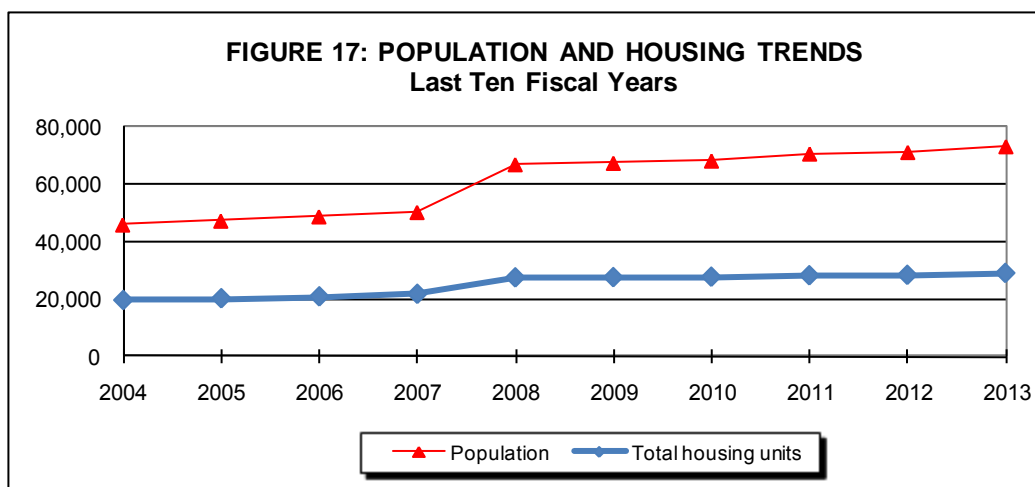


City of Auburn, Washington
SCHEDULE 17
POPULATION, INCOME AND HOUSING TRENDS
 Last Ten Fiscal Years

Item	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
School enrollment ⁽¹⁾	13,838	13,760	14,367	14,559	14,716	14,589	14,482	14,363	14,596	14,661
Rate of unemployment ⁽²⁾	7.0%	5.4%	4.8%	4.2%	5.5%	9.5%	9.6%	8.7%	7.3%	5.1%
Population ⁽³⁾	46,135	47,470	48,955	50,470	67,005	67,485	68,270	70,705	71,240	73,235
Personal income (thousands of dollars) ⁽⁴⁾	\$1,161,714	\$1,247,566	\$1,342,818	\$1,444,871	\$2,024,087	\$1,989,661	\$1,848,752	\$1,901,540	\$1,871,973	\$1,917,219
Per capita personal income ⁽⁴⁾	\$ 25,181	\$ 26,281	\$ 27,430	\$ 28,628	\$ 30,208	\$ 29,483	\$ 27,080	\$ 26,894	\$ 26,277	\$ 26,179
Housing units ⁽⁵⁾										
One unit	8,990	9,105	9,402	9,625	14,186	14,235	14,333	14,823	14,957	15,393
Two or more	8,078	8,655	8,943	9,623	10,375	10,391	10,426	10,592	10,631	10,841
Mobile home or special	2,421	2,346	2,407	2,382	2,761	2,782	2,794	2,635	2,618	2,630
Total housing units	19,489	20,106	20,752	21,630	27,322	27,408	27,553	28,050	28,206	28,864

Sources:

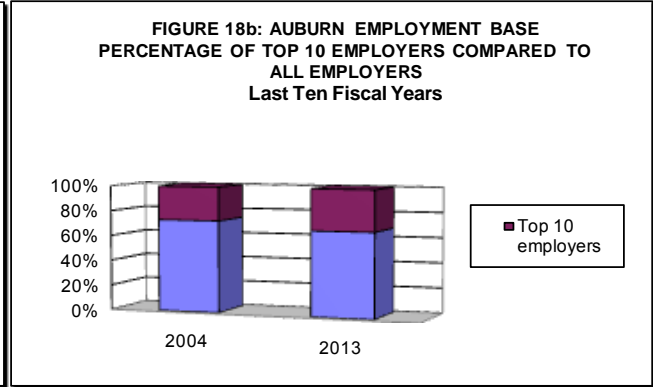
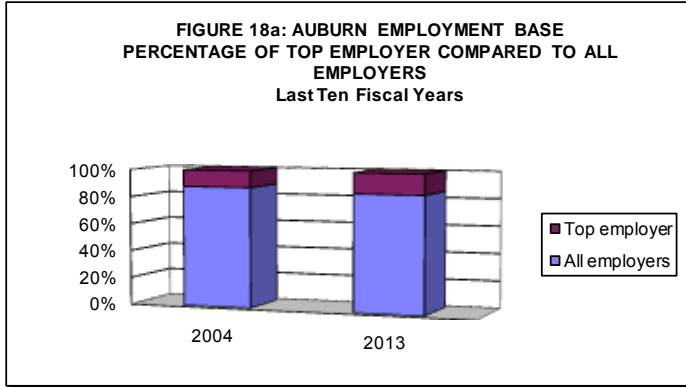
- (1) Auburn School District No. 408
- (2) Bureau of Labor Statistics
- (3) WA State Office of Financial Management
- (4) US Census Bureau
- (5) Office of Financial Management



City of Auburn, Was hington
SCHEDULE 18
MAJOR EMPLOYERS
 Current Year and Nine Years Ago

Employer	Product/s ervice	2013			2004		
		Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
The Boeing Company	Aeros pace	6,016	1	17.6%	5,000	1	13.9%
The Outlet Collection	Retail	2,500	2	7.3%	-		
Auburn School District	Education	1,902	3	5.6%	2,000	3	5.6%
Muckleshoot Tribal Enterprises	Gaming	1,632	4	4.8%	2,100	2	5.8%
Green River Community College	Education	1,000	5	2.9%	850	4	2.4%
Multicare Auburn Medical Center	Hospital	955	6	2.8%	625	5	1.7%
Emerald Downs Racetrack	Horse racing	725	7	2.1%	500	8/9	1.4%
Zones, Inc.	Technology reseller	644	8	1.9%	500	8/9	1.4%
Safeway Distribution Center	Distribution Center	638	9	1.9%	-		
Social Security Administration	Govt/public offices	620	10	1.8%	600	6	1.7%
Certaineed Corporation	Construction	-			575	7	1.6%
Federal Aviation Administration	Federal government	-			450	10	1.2%
TOTALS		16,632		48.6%	13,200		36.6%

Sources : WA Employment Security Department
 2013 - City of Auburn, Economic Development
 2004 - City of Auburn, 2004 CAFR

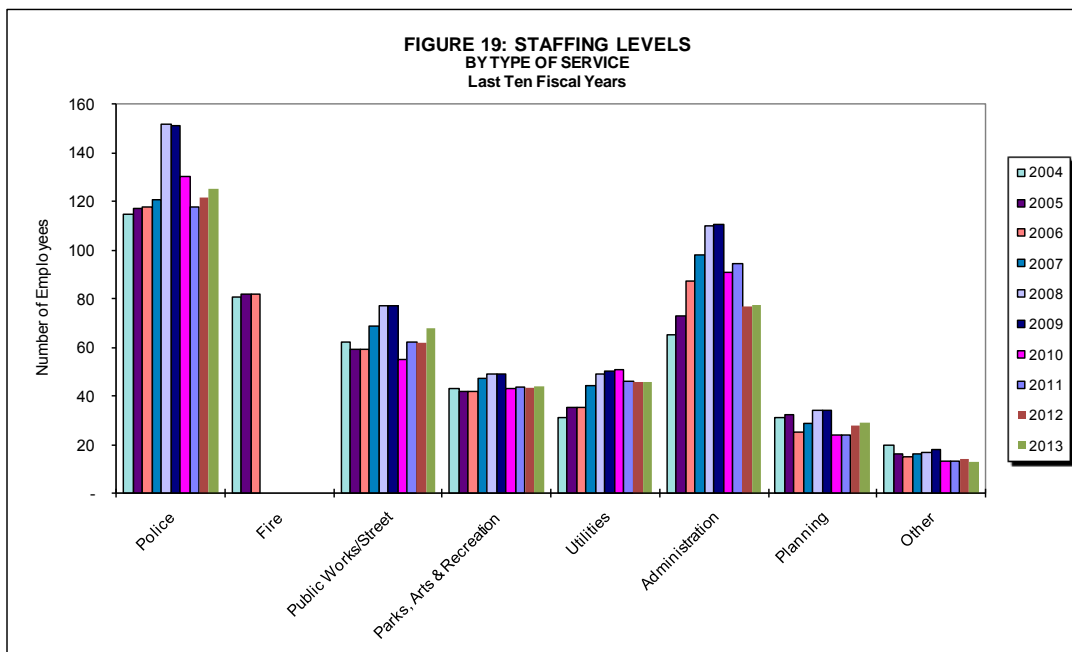


City of Auburn, Was hington
SCHEDULE 19
STAFFING LEVELS BY DEPARTMENT
 Last Ten Fis cal Years

Department	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Mayor	4	8	10	11	12	12	10	10	7	7
Human Res ources	7	7	15	17	18	9	7	7	8	8
Finance	28	21	23	24	25	25	21	22	22	23
Municipal Court ⁽⁴⁾	13	14	15	17	21	21	17	19	-	-
Legal	13	13	13	14	16	16	13	13	13	13
Planning	31	32	25	29	34	34	24	24	28	29
Police	115	117	118	121	152	152	131	118	122	125
Fire ⁽¹⁾	81	82	82	-	-	-	-	-	-	-
Public works	49	48	48	54	63	63	43	43	43	49
Parks , Arts , & Recreation	37	36	36	38	40	40	35	36	36	36
S treet	13	11	11	15	14	14	12	19	19	19
Water	16	16	16	19	20	20	22	22	22	22
S ewer	6	8	8	11	11	11	11	12	12	12
S torm Drainage	7	9	9	12	16	17	16	10	10	10
S olid Was te	2	2	2	2	2	2	2	2	2	2
Airport	3	-	-	-	-	-	-	-	-	-
Cemetery	7	6	6	7	7	7	7	7	7	5
Golf cours e	6	6	6	9	9	9	8	8	8	8
Facilities ⁽²⁾	-	-	-	-	-	10	10	10	9	9
Innovation & Technology	-	10	11	15	18	18	14	14	18	18
Equipment Rental	10	10	9	9	10	11	6	6	7	8
TOTAL	448	456	463	424	488	490	408	401	392	403

Source: City of Auburn Finance Department

- (1) No data is presented for Fire employees for 2007 and thereafter due to incorporation of Fire department into a separate legal entity effective 1/1/07.
- (2) Facilities Division was previously included in the Human Resources Department prior to the creation of a new Internal Service fund in 2009.
- (3) Due to the economic downturn, the City froze 82.5 of the total 490 positions in 2009.
- (4) In 2012, the City contracted out the Municipal Court to the King County District Court - resulting in a reduction of 19 positions.



City of Auburn, Was hington
SCHEDULE 20
OPERATING INDICATORS BY DEPARTMENT
 Last Ten Fis cal Years

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Planning										
Commercial permits	217	240	248	214	95	112	18	38	24	32
Commercial cons truction value (\$1,000's)	\$ 77,121	\$ 71,047	\$ 63,658	\$ 63,658	\$ 22,887	\$ 58,896	\$ 8,386	\$ 10,904	\$ 13,219	\$ 28,357
Res idential permits	766	604	485	293	165	85	184	229	461	464
Res idential cons truction value (\$1,000's)	\$ 155,551	\$ 112,125	\$ 61,872	\$ 61,872	\$ 27,048	\$ 15,739	\$ 36,602	\$ 43,574	\$ 98,212	\$ 96,248
Police										
Crimes :										
Arson	43	33	36	30	24	19	23	29	27	14
Aggravated As sault	135	168	158	143	154	163	137	148	110	145
Burglary	861	623	686	590	630	590	725	757	983	651
DUI	240	218	158	145	194	193	192	214	171	138
Homicide	1	1	-	1	-	3	3	2	6	5
Narcotics	399	472	493	368	439	440	442	396	383	279
Rape	24	13	24	12	14	13	15	23	23	26
Robbery	91	85	122	92	102	92	79	107	110	109
Theft	2,344	2,509	2,216	1,962	2,343	2,362	2,533	2,435	2,415	2,583
Theft - motor vehicle	802	869	642	672	639	370	569	600	588	678
Traffic:										
Non-criminal	7,962	6,850	4,978	6,865	6,794	7,788	7,182	5,400	4,922	5,378
Parking	1,827	2,140	3,965	4,802	3,740	4,026	4,648	3,383	1,946	2,052
Fire ⁽¹⁾										
Type of res pons e:										
Building	107	94	98	-	-	-	-	-	-	-
Non-building	249	198	238	-	-	-	-	-	-	-
Alarm s ystems	497	474	524	-	-	-	-	-	-	-
S ervice	493	493	618	-	-	-	-	-	-	-
Other	940	870	979	-	-	-	-	-	-	-
Firs t Aid	5,562	5,679	5,616	-	-	-	-	-	-	-
Parks and Recreation										
Athletic teams	507	445	459	479	416	428	439	429	388	382
Recreation activities	1,896	2,086	2,069	2,719	2,056	2,335	2,281	3,462	3,833	3,568
Golf cours e rounds	45,336	47,501	43,454	50,500	54,993	50,572	49,950	45,484	45,704	47,480
S enior center vis its	32,103	35,308	35,381	34,427	36,805	41,032	41,350	41,802	40,704	36,991
Cultural activities	56	56	58	84	84	90	101	127	146	180
Mus eum audience s erved	10,274	9,340	9,400	12,090	11,921	11,835	12,570	14,119	15,397	14,163
Cemetery burials	271	277	277	245	289	232	228	273	259	226

Sources : Various city departments

(1) 2007 - Effective 1/1/2007 Valley Regional Fire Authority formed replacing the Fire Departments of Auburn, Pacific and Algona.

City of Auburn, Washington
SCHEDULE 21
CAPITAL ASSET INDICATORS BY DEPARTMENT
 Last Ten Fiscal Years

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General City										
Total area (square miles)	22.8	23.3	23.4	23.4	30.0	30.1	30.1	30.2	30.2	30.2
Public Works										
Miles of streets	180	180	180	186	272	276	283	285	249	245
Number of streetlights	3,355	3,410	3,575	3,602	5,074	5,392	5,523	5,581	6,101	6,110
Number of traffic signals	66	72	72	72	83	85	86	89	93	94
Utilities										
Number of services	12,144	12,833	12,633	12,954	13,050	13,076	13,372	13,334	13,863	14,106
Miles of water mains	254	278	279	287	283	293	297	304	314	315
Miles of sanitary sewers	177	177	177	182	205	207	213	213	219	220
Miles of storm sewers	185	190	195	197	197	204	226	247	252	263
Number of fire hydrants	2,270	2,285	2,300	2,369	2,969	2,998	3,044	3,277	3,308	3,329
Public Safety										
Number of fire stations ⁽¹⁾	3	3	3	-	-	-	-	-	-	-
Number of police stations	2	2	2	2	2	2	2	2	2	2
Parks and Recreation										
Total park acreage	592	596	596	596	598	602	602	602	630	635
Number of softball/baseball fields	19	19	19	19	19	18	18	18	17	17
Number of soccer/football fields	3	3	3	3	3	3	3	3	3	4
Number of playgrounds	25	29	30	30	32	33	35	35	35	36

Sources: Various city departments

(1) Effective 1/1/2007 Valley Regional Fire Authority formed replacing the Fire Departments of Auburn, Pacific and Algonia.

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